



**PERRY COUNTY, OHIO  
FINANCIAL STATEMENTS  
Year Ended December 31, 2000**





**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

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Board of County Commissioners  
Perry County

We have reviewed the Independent Auditor's Report of Perry County, prepared by Jones, Cochenour & Co. for the audit period January 1, 2000 through December 31, 2000. Based upon this review, we have accepted this report 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.

JIM PETRO  
Auditor of State

July 18, 2001

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**PERRY COUNTY, OHIO**

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**PERRY COUNTY, OHIO**

**ELECTED OFFICIALS  
AS OF DECEMBER 31, 2000**

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

**Entity Address:**  
**Perry County**  
**121 W. Brown Street**  
**New Lexington, Ohio 43764**

**PERRY COUNTY, OHIO**

**INDEX OF FUNDS**

**As of December 31, 2000**

**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**

**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, 2000**

**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  
CCA Program  
Early Intervention  
Common Pleas House Arrest  
Sheriff Deputy in School

**Debt Service Funds**

Buckeye Lake Sewer Bond Retirement  
Bond Retirement – NPCW  
Human Service Building  
Perry County Waterline  
Bank Building

**Capital Projects Funds**

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



**PERRY COUNTY, OHIO**

**INDEX OF FUNDS – CONTINUED**

**As of December 31, 2000**

**PROPRIETARY FUND TYPES:**

**Enterprise Funds**

**Thornport Sewer**

**Northern Perry County Water**

**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, 2000**

**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**

**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 – RB and Homestead**



## INDEPENDENT AUDITORS' REPORT

Board of County Commissioners  
Perry County, Ohio

We have audited the accompanying financial statements of Perry County, Ohio and Perco, Inc. (discretely presented component unit) as of and for the year ended December 31, 2000. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Ohio Administrative Code Section 117-1-11 requires the County to prepare its annual financial report in accordance with U.S. 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 U.S. generally accepted accounting principles. The accompanying financial statements omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time.

In our opinion, based on our audit the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Perry County, Ohio and Perco, Inc. (discretely presented component unit), as of December 31, 2000, and the combined cash receipts and disbursements and the combined budgeted and actual receipts and combined budgeted and actual disbursements and encumbrances, for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have issued a report dated June 1, 2000 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part and should be read in conjunction with this report. The scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the internal control over financial reporting and on the compliance.

**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 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.**

**This report is intended solely for the information and use of the officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.**

**Jones, Cochenour & Co.  
June 1, 2000**

**PERRY COUNTY, OHIO**  
**COMBINED STATEMENT OF CASH AND FUND CASH BALANCES - ALL FUND TYPES**  
**AND DISCRETELY PRESENTED COMPONENT UNIT**  
**December 31, 2000**

**CASH AND INVESTMENTS**

Cash and cash equivalents	\$	9,088,652
Segregated account: cash and cash equivalents		666,300
Segregated account: investments		<u>28,841</u>
<b>TOTAL</b>	<b>\$</b>	<b><u>9,783,793</u></b>

**CASH BALANCES BY FUND TYPE**

<b><u>GOVERNMENTAL FUNDS:</u></b>		
General fund	\$	444,055
Special revenue funds		4,234,373
Debt service funds		1,577,599
Capital projects funds		567,758
<b><u>PROPRIETARY FUNDS:</u></b>		
Enterprise funds		19,192
Internal service fund		-
<b><u>FIDUCIARY FUNDS:</u></b>		
Expendable trust funds		117,817
Agency funds		<u>2,626,234</u>
<b>TOTAL PRIMARY GOVERNMENT</b>		<b>9,587,028</b>
<b><u>COMPONENT UNIT:</u></b>		
Perco, Inc.		<u>196,765</u>
<b>TOTAL REPORTING ENTITY</b>	<b>\$</b>	<b><u>9,783,793</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, 2000**

	Governmental Fund Types	
	General	Special Revenue
<b>RECEIPTS</b>		
Taxes	\$ 1,151,414	\$ 2,246,118
Charges for services	827,020	715,669
Licenses and permits	3,490	82,391
Fines and forfeitures	161,386	50,652
Intergovernmental receipts	2,455,830	13,109,284
Special assessments	-	-
Interest income	424,005	-
All other receipts	25,298	443,158
<b>TOTAL RECEIPTS</b>	<b>5,048,443</b>	<b>16,647,272</b>
<b>DISBURSEMENTS</b>		
General Government:		
Executive and legislative	1,676,048	391,247
Judicial	799,163	120,701
Public safety	1,326,532	1,544,729
Public works	93,118	4,132,067
Health	29,446	2,439,241
Human services	323,643	8,538,060
Miscellaneous	61,371	-
Capital outlay	27,453	-
Debt service:		
Bond principal payment	-	-
Note principal payment	176,200	198,347
Interest and fiscal charges	19,784	20,154
<b>TOTAL DISBURSEMENTS</b>	<b>4,532,758</b>	<b>17,384,546</b>
<b>TOTAL RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<b>515,685</b>	<b>(737,274)</b>
<b>OTHER FINANCING SOURCES (USES):</b>		
Proceeds of notes	-	-
Operating transfers - in	-	316,566
Operating transfers - out	(606,066)	-
Advances - in	394,497	87,690
Advances - out	(229,371)	(20,143)
Other financing sources	30,307	-
Other financing uses	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(410,633)</b>	<b>384,113</b>
<b>EXCESS OF RECEIPTS AND OTHER FINANCING SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER USES</b>	<b>105,052</b>	<b>(353,161)</b>
<b>FUND CASH BALANCES - JANUARY 1, 2000</b>	<b>339,003</b>	<b>4,587,534</b>
<b>FUND CASH BALANCES - DECEMBER 31, 2000</b>	<b>\$ 444,055</b>	<b>\$ 4,234,373</b>

Governmental Fund Types		Fiduciary Fund Type	Primary Government Totals
Debt Service	Capital Projects	Expendable Trust	(Memorandum Only)
\$ -	\$ -	\$ -	\$ 3,397,532
109,884	86,538	-	1,739,111
-	65,076	-	150,957
-	-	-	212,038
-	2,873,238	300	18,438,652
436	-	-	436
-	-	-	424,005
<u>2,363</u>	<u>18,348</u>	<u>21,143</u>	<u>510,310</u>
112,683	3,043,200	21,443	24,873,041
-	135,153	-	2,202,448
-	-	-	919,864
-	12,837	-	2,884,098
-	-	-	4,225,185
-	-	-	2,468,687
-	-	-	8,861,703
28,186	-	-	89,557
14,900	4,190,168	-	4,232,521
400	-	-	400
33,006	85,988	-	493,541
<u>46,118</u>	<u>18,831</u>	<u>-</u>	<u>104,887</u>
<u>122,610</u>	<u>4,442,977</u>	<u>-</u>	<u>26,482,891</u>
(9,927)	(1,399,777)	21,443	(1,609,850)
2,535,000	1,020,085	-	3,555,085
-	-	-	316,566
-	-	-	(606,066)
35,903	506,708	-	1,024,798
(988,401)	-	-	(1,237,915)
-	-	-	30,307
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,582,502</u>	<u>1,526,793</u>	<u>-</u>	<u>3,082,775</u>
1,572,575	127,016	21,443	1,472,925
<u>5,024</u>	<u>440,742</u>	<u>96,374</u>	<u>5,468,677</u>
<u>\$ 1,577,599</u>	<u>\$ 567,758</u>	<u>\$ 117,817</u>	<u>\$ 6,941,602</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, 2000**

	<b>Proprietary Fund Types</b>	<b>Fiduciary Fund Types</b>
	<b>Enterprise</b>	<b>Agency</b>
<b>OPERATING RECEIPTS</b>		
Charges for services	\$ 338,416	\$ -
Other operating revenues	34,050	-
	372,466	-
 <b>OPERATING DISBURSEMENTS</b>		
Personal services	128,887	-
Contract services	223,609	-
Supplies and materials	22,261	-
<b>TOTAL OPERATING DISBURSEMENTS</b>	<b>374,757</b>	<b>-</b>
<b>EXCESS OF OPERATING RECEIPTS OVER (UNDER)</b>		
<b>OPERATING DISBURSEMENTS</b>	(2,291)	-
 <b>NON-OPERATING RECEIPTS (DISBURSEMENTS)</b>		
Note retirement	(1,488,517)	-
Interest expense	(160,191)	-
Other non-operating receipts	-	29,935,041
Other non-operating disbursements	-	(29,202,365)
<b>TOTAL NON-OPERATING RECEIPTS (DISBURSEMENTS)</b>	<b>(1,648,708)</b>	<b>732,676</b>
 <b>EXCESS OF RECEIPTS OVER/(UNDER) DISBURSEMENTS</b>		
<b>BEFORE ADVANCES</b>	(1,650,999)	732,676
Note proceeds	1,450,000	-
Transfers – in	-	289,500
Advances - in	526,524	48,464
Advances - out	(337,098)	(24,773)
<b>EXCESS OF RECEIPTS</b>		
<b>OVER/(UNDER) DISBURSEMENTS</b>	(11,573)	1,045,867
 <b>FUND CASH BALANCES, JANUARY 1, 2000</b>	<b>30,765</b>	<b>1,580,367</b>
<b>FUND CASH BALANCES, DECEMBER 31, 2000</b>	<b>\$ 19,192</b>	<b>\$ 2,626,234</b>



<u>Primary Government Totals</u> (Memorandum Only)	<u>Perco, Inc. Component Unit</u>	<u>Reporting Entity Totals</u> (Memorandum Only)
\$ 338,416	\$ 434,346	\$ 772,762
<u>34,050</u>	<u>5,402</u>	<u>39,452</u>
372,466	439,748	812,214
128,887	182,253	311,140
223,609	5,274	228,883
<u>22,261</u>	<u>152,572</u>	<u>174,833</u>
<u>374,757</u>	<u>340,099</u>	<u>714,856</u>
(2,291)	99,649	97,358
(1,488,517)	-	(1,488,517)
(160,191)	-	(160,191)
29,935,041	-	29,935,041
<u>(29,202,365)</u>	<u>-</u>	<u>(29,202,365)</u>
<u>(916,032)</u>	<u>-</u>	<u>(916,032)</u>
(918,323)	99,649	(818,674)
1,450,000	-	1,450,000
289,500	-	289,500
574,988	-	574,988
<u>(361,871)</u>	<u>-</u>	<u>(361,871)</u>
1,034,294	99,649	1,133,943
<u>1,611,132</u>	<u>97,116</u>	<u>1,708,248</u>
<u>\$ 2,645,426</u>	<u>\$ 196,765</u>	<u>\$ 2,842,191</u>

See notes to financial statements

**PERRY COUNTY, OHIO**  
**COMBINED STATEMENT OF RECEIPTS - BUDGET AND ACTUAL**  
**Year Ended December 31, 2000**

<u>Fund Types/Funds</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Governmental</b>			
General	\$ 5,246,415	\$ 5,473,247	\$ 226,832
Special revenue	17,431,500	17,051,528	(379,972)
Debt service	2,684,152	2,683,586	(566)
Capital projects	4,746,660	4,569,993	(176,667)
<b>Proprietary</b>			
Enterprise	2,029,630	2,348,990	319,360
<b>Fiduciary</b>			
Expendable trust	10,100	21,443	11,343
<b>TOTAL (MEMORANDUM ONLY)</b>	<u>\$ 32,148,457</u>	<u>\$ 32,148,787</u>	<u>\$ 330</u>

See notes to financial statements

**PERRY COUNTY, OHIO**  
**COMBINED STATEMENT OF DISBURSEMENTS AND ENCUMBRANCES COMPARED**  
**WITH EXPENDITURE AUTHORITY**  
**Year Ended December 31, 2000**

<u>Fund Types/Funds</u>	<u>Prior Year Carryover Appropriations</u>	<u>Appropriations</u>	<u>Total</u>
<b>Governmental</b>			
General	\$ 212,362	\$ 5,369,089	\$ 5,581,451
Special revenue	1,396,463	19,654,916	21,051,379
Debt service	-	2,708,471	2,708,471
Capital projects	14,132	5,841,578	5,855,710
<b>Proprietary</b>			
Enterprise	13,395	2,046,837	2,060,232
<b>Fiduciary</b>			
Expendable trust	-	61,887	61,887
<b>TOTAL (MEMORANDUM ONLY)</b>	<b>\$ 1,636,352</b>	<b>\$ 35,682,778</b>	<b>\$ 37,319,130</b>

See notes to financial statements

<u>Disbursements</u>	<u>Encumbrances Outstanding at 12/31/00</u>	<u>Total</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 5,368,195	\$ 317,319	\$ 5,685,514	\$ (104,063)
17,404,689	852,313	18,257,002	2,794,377
1,111,011	2,310,097	3,421,108	(712,637)
4,442,977	871,646	5,314,623	541,087
2,360,563	18,213	2,378,776	(318,544)
_____ -	_____ -	_____ -	_____ 61,887
<u>\$ 30,687,435</u>	<u>\$ 4,369,588</u>	<u>\$ 35,057,023</u>	<u>\$ 2,262,107</u>

See notes to financial statements

**PERRY COUNTY, OHIO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2000**

**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, 2000**

**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 U.S. 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 U.S. 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, 2000**

**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, 2000

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, 2000**

**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 2000, 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 2000. 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, 2000.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2000 amounted to \$424,005.

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, 2000**

**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, 2000.

**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 U.S. 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**

Ohio Rev. Code Section 5705.39 states that appropriations are limited by estimated revenue. The total appropriation from each fund should not exceed the total certified resources. The county had the following nine funds where total appropriations exceeded the total certified resources:

<b>Fund</b>	<b>Certified Resources</b>	<b>Appropriations</b>	<b>Variance</b>
002	4,371,975	4,670,214	(298,239)
340	3,407	4,053	(646)
354	44,946	49,058	(4,112)
361	4,225	8,450	(4,225)
047	22,879	45,757	(22,878)
048	69,100	70,100	(1,000)
055	918,679	1,068,150	(149,471)
313	295,060	1,045,208	(750,148)
324	0	2,812	(2,812)

**PERRY COUNTY, OHIO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2000**

**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
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.

**PERRY COUNTY, OHIO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2000**

**4. DEPOSITS AND INVESTMENTS - CONTINUED**

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 \$6,293,261, and the bank balance was \$6,496,389. Of the bank balance:

1. \$224,988 was covered by federal depository insurance;
2. \$6,271,401 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:

	<u>Cash and Cash</u>	<u>Investments</u>
	<u>Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement 9	\$ 9,573,723	\$ 13,305
STAR Ohio	<u>(3,280,462)</u>	<u>3,280,462</u>
GASB Statement 3	<u>\$ 6,293,261</u>	<u>\$ 3,293,767</u>

**PERRY COUNTY, OHIO**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2000

**4. DEPOSITS AND INVESTMENTS - CONTINUED**

**B. Component Unit**

At year end, the carrying value of Perco, Inc. deposits was \$196,765 and the bank balance was \$263,876. The bank balance of \$131,088 was covered by federal depository insurance and \$132,788 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".

	<u>Cash and Cash</u> <u>Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement 9 Investment:	\$ 181,229	\$ 15,536
Certificate of deposits	15,536	(15,536)
GASB Statement 3	\$ 196,765	\$ -

**5. DEBT OBLIGATIONS**

Debt outstanding at December 31, 2000 consisted of the following:

	<u>General</u> <u>Obligation</u> <u>Notes</u>	<u>Special</u> <u>Assessment</u> <u>Bonds</u>	<u>OWDA and</u> <u>OPWC</u> <u>Loans</u>	<u>Bond</u> <u>Anticipation</u> <u>Notes</u>
Principal outstanding	\$ 673,343	\$ 2,100	\$ 4,020,278	\$ 4,720,714
Interest outstanding	79,955	456	508,683	249,453
	\$ 753,298	\$ 2,556	\$ 4,528,961	\$ 4,970,167

Outstanding general obligation notes consisted of the following:

**Dog Pound Construction Notes** - Current balance at 12/31/00 is \$70,000. Originally issued in the amount of \$130,000 on May 31, 1996 at 5.70% with a final maturity date of May 31, 2001.

**County Court Renovation** - Current balance at 12/31/00 is \$17,200. Originally issued in the amount of \$86,000 on April 26, 1996 at 5.50% with a final maturity date of May 26, 2001.

**Joint Educational Building Acquisition Note** - Current balance of 12/31/00 is \$56,000. 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 12/31/00 is \$110,665. Originally issued in the amount of \$500,000 at 5.5% maturing in 2001.

**Building Improvement Note** - Current balance at 12/31/00 is \$75,478. 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 12/31/00 is \$184,000. Originally issued in the amount of \$230,000 at 4.88% maturing in 2004.

**PERRY COUNTY, OHIO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2000**

**6. DEBT OBLIGATIONS – CONTINUED**

**Bank Building Note** – Current balance at 12/31/00 is \$160,000. 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 12/31/00 is \$2,100. 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 2000 the additions on these loans were \$343,923. Loans will be repaid in accordance with terms established by the OWDA; however, as of December 31, 2000, a debt amortization schedule had not been established for all of the projects. The current balance at 12/31/00 is \$1,697,152.

There are Ohio Public Works Commission (OPWC) loans that will be used for the County Water Project. During 2000 the additions on these loans were \$655,000. Loans will be repaid in accordance with the terms established by OPWC; however, as of December 31, 2000, a debt amortization schedule had not been established. The current balance at 12/31/00 is \$655,000.

**OPWC – Project CR812 – Thornport Water** –

Current balance at 12/31/00 is \$560,331. Originally issued in the amount of \$734,000 on July 1, 1995 at 2% maturing in 2015.

**OWDA** - Current balance at 12/31/00 is \$739,873. Originally issued in the amount of \$835,541 at 5.76% maturing in 2013.

**OPWC – Project CR 17B/CR 18B** – Current balance at 12/31/00 is \$367,922. 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 12/31/00 is \$1,380,000. Originally issued in the amount of \$1,450,000 on December 1, 1997 at 4.75%. The balance on December 20, 2000 at a new rate of 4.75% and matures on September 20, 2001.

**911 Emergency System** – Current balance at 12/31/00 is \$285,714. Originally issued in the amount of \$400,000 on July 1, 1997 at 4.98%. 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 12/31/00 is \$70,000. Originally issued in the amount of \$150,000 on May 5, 1998 at 6.9%. The balance was rolled over on September 20, 2000 at a new rate of 4.75% and matures on September 20, 2001.

**Human Services Building Acquisition and Improvement Note** – Current balance at 12/31/00 is \$450,000. Originally issued in the amount of \$450,000 at 5.625% maturing in 2002.

**Human Services Building Acquisition and Improvement Note** – Current balance at 12/31/00 is \$2,535,000. Originally issued in the amount of \$2,535,000 at 4.75% maturing on September 20, 2001.

**PERRY COUNTY, OHIO**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2000

**6. DEBT OBLIGATIONS - CONTINUED**

The annual requirement to amortize all debt outstanding as of December 31, 2000 including interest payments of \$815,063, is as follows:

Year Ending December 31	General Obligation Notes	Special Assessment Bonds	OWDA and OPWC Loans	Bond Anticipation Note
2001	\$ 430,831	\$ 426	\$ 2,504,425	\$ 4,710,167
2002	133,038	508	152,273	69,714
2003	97,619	384	152,273	66,571
2004	91,810	366	152,273	63,429
2005	-	448	811,869	60,286
Thereafter	-	424	755,848	-
	<u>\$ 753,298</u>	<u>\$ 2,556</u>	<u>\$ 4,528,961</u>	<u>\$ 4,970,167</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, 2000 (tax year 1999), 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, 2000 was \$15.60 per \$1,000 of assessed valuation.

<b>Real Property - 1999 Valuation</b>	
Residential/Agricultural	\$ 233,400,080
Commercial/Industrial	34,407,550
Public Utilities	392,820
<b>Tangible Personal Property - 2000 Valuation</b>	
General	24,581,587
Public Utilities	<u>46,246,840</u>
<b>Total Valuation</b>	<u>\$ 339,028,877</u>

**PERRY COUNTY, OHIO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2000**

**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 \$6,000,000 for each occurrence. Other liability insurance includes \$1,000,000 for Ohio Stop Gap, which provides additional coverage beyond the State's workers' compensation program, \$1,000,000 for employee benefit liability, \$6,000,000 for law enforcement professional liability, \$6,000,000 for public official error and omission liability, \$6,000,000 for automobile liability, and \$250,000 for uninsured/underinsured motorists liability.

In addition, the County maintains replacement cost insurance on buildings and contents in the amount of \$16,523,892. 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 2000, 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  
December 31, 2000

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 \$1,514,382 in 2000.

10. EMPLOYEE RETIREMENT SYSTEMS

Public Employees Retirement System (PERS)

All County employees who are not certified teachers with the school for the Mentally Retarded/Developmentally Disabled (MRDD) participate in the Public Employees Retirement System of Ohio, ("PERS"), a cost sharing multiple-employer defined benefit pension plan operated by the State. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code.

PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

The Ohio Revised Code (ORC) provides statutory authority for employee and employer contribution rates. The PERS Board instituted a temporary employer contribution rate rollback for calendar year 2000. The rate rollback was 20% for local government divisions and 6% for law enforcement divisions. Plan members, other than those engaged in law enforcement, are required to contribute 8.5% of their annual covered salary and for 2000 the County is required to contribute 10.84%. For law enforcement employees, the member contribution is 9.0% and the County's contribution is 15.70% for 2000. The County's required contributions to PERS for the years ended December 31, 2000, 1999, and 1998 were \$865,144, \$1,010,639 and \$936,316 respectively. The full amount has been contributed for 1999 and 1998 and 79% has been contributed for 2000.

The Ohio Revised Code also provides statutory authority requiring public employers to provide and fund postretirement health care through their contributions to PERS. Postretirement health care coverage is provided to age and service retirants with ten or more years of qualifying service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is available. The health coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care. The Ohio Revised Code also provides statutory authority for employer contributions. The employer contribution rate was rolled back for the year 2000. 4.3% was used to fund health care which amounted to \$379,978. The assumptions and calculations below were based on the System's latest Actuarial Review performed as of December 31, 1999. An entry age normal actuarial cost method of valuation is based in determining the present value of OPEB. The difference between the assumed and actual experience (actuarial gains and losses becomes part of unfounded actuarial accrued

PERRY COUNTY, OHIO  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2000

10. EMPLOYEE RETIREMENT SYSTEMS - CONTINUED

Public Employees Retirement System (PERS) - Continued

liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 1999 was 7.75%. An annual increase of 4.75% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases over and above the 4.75% base increase, were assumed to range from 0.54% to 5.10%. Health care costs were assumed to increase 4.75% annually. As of December 31, 1999, the number of active contributing participants was 401,339. The actuarial value of the Retirement System's net assets available for OPEB at December 31, 1999 was \$10,805.5 million. The actuarially accrued liability and the unfounded actuarial accrued liability, based on the actuarial cost method used, were \$12,473.6 million and \$1,668.1 million respectively. The Retirement Board enacted a temporary employer contribution rate rollback for calendar year 2000. The decision to rollback rates was based on the December 31, 1998 actuarial study, which indicated that actuarial assets exceeded actuarial liabilities. The temporary rate rollback was 20% for local government divisions and 6% for law enforcement divisions. The Board reallocated employer contributions from 4.20% to 4.30% at the beginning of the year to improve health care financing. The proportion of contributions dedicated to funding OPEB increased during the year for those reasons.

State Teachers Retirement System (STRS)

Certified teachers employed by the school for the mentally retarded contribute to the State Teachers Retirement System of Ohio (STRS), a cost-sharing, multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code (ORC). STRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43125-3771.

Plan members are required to contribute 9.3% of their annual covered salary and the employer is required to contribute 14%. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The County's required contributions to STRS for the years ended December 31, 2000, 1999 and 1998 were \$43,500, \$37,217 and \$29,308 respectively. The full amount has been contributed for 1999 and 1998, and 80% has been contributed for 2000.

The State Teachers Retirement System (STRS) provides comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the ORC, the State Teachers Retirement Board (the Board) has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. ORC grants authority to STRS to provide health care coverage to benefit recipients, spouses, and dependents. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. The Board allocates employer contributions to the Health Care Reserve Fund from which payments for health care benefits are paid. For the fiscal year ended June 30, 2000, the Board allocated employer contributions

PERRY COUNTY, OHIO  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2000

10. EMPLOYEE RETIREMENT SYSTEMS - CONTINUED

State Teachers Retirement System (STRS) - Continued

equal to 8% of covered payroll to the Health care Reserve Fund. The balance in the Health care Reserve Fund was \$3,419 billion at June 30, 2000. The Health Care Reserve Fund allocated for the year ended June 30, 2001 will be 4.5% of covered payroll. For the year ended June 30, 2000, the net health care costs paid by STRS were \$382,137,000. There were 99,011 eligible benefit recipients.

11. 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 2000, Perry County paid \$182,769 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 ensuring 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.

**PERRY COUNTY, OHIO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2000**

**12. 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.

**13. 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, 2000**

<u>Agency/Program Grant Title</u>	<u>Federal CFDA Number</u>	<u>State Pass Through Number</u>	<u>Expenditures</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<b>Pass through the State Department of Education</b>			
Food Distribution	10.550	N	\$ 1,313
National School Lunch Program	10.555	03-PU-00 04-PU-00	<u>13,142</u> 14,455
<b>Direct Program</b>			
Recreational Grant	10.6xx	99-DE-04	<u>1,999</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<b>16,454</b>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<b>Pass through the Ohio Department of Development</b>			
Community Development Block Grants/ State's Program	14.228	B-F-059	561,841
<b>CORPORATION FOR NATIONAL COMMUNITY SERVICE</b>			
<b>Direct Program:</b>			
Retired and Senior Volunteer Program	94.002	N	34,972
<b>FEDERAL EMERGENCY MANAGEMENT AGENCY</b>			
<b>Pass through the Ohio Emergency Management Agency</b>			
Emergency Management Performance Guidance	83.552	N	2,000
Emergency Management - State and Local Assistance	83.534	N	<u>10,485</u>
<b>TOTAL FEDERAL EMERGENCY MANAGEMENT AGENCY</b>			<b>12,485</b>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
<b>Pass through the Ohio Department of Transportation</b>			
Highway Planning and Construction	20.205	N	337,377
Public Transportation for Nonurbanized Areas	20.509	N	<u>99,673</u>
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>			<b>437,050</b>
<b>U.S. DEPARTMENT OF JUSTICE</b>			
<b>Pass through the Governor's Office of Criminal Justice Services</b>			
Seat Belt Safety	16.xxx	N	988

**PERRY COUNTY, OHIO**  
**SCHEDULE OF FEDERAL AWARDS EXPENDITURES - CONTINUED**  
**CASH BASIS**  
**Year Ended December 31, 2000**

<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 HEALTH AND HUMAN SERVICES</u></b>			
<b>Pass through the Ohio Department of Aging and the Buckeye Lake - Hocking Valley Regional Development District</b>			
Low Income Home Energy Assistance Special Programs for the Aging - Title III	93.568	N	2,331
Part B-Grants for Supportive Services and Senior Centers	93.044	N	83,319
Special Programs for the Aging - Title III Part F- Disease Prevention and Health Promotion Services	93.043	N	2,738
<b>Pass through Ohio Department of MR/DD</b>			
Social Services Block Grant	93.667	N	38,345
Medical Assistance Program	93.778	N	662,809
<b>Pass through the Ohio Department of Children Services</b>			
Child Welfare Service – State Grants	93.645		51,901
Social Services Block Grant	93.667		<u>26,999</u>
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<b>868,442</b>
<b><u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u></b>			
AmeriCorps	94.006	N	<u>9,855</u>
<b>TOTAL FEDERAL AWARDS EXPENDITURES</b>			<b><u>\$ 1,942,087</u></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, 2000**

**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*.



**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, 2000, and have issued our report thereon dated June 1, 2001. Ohio Administrative Code Section 117-1-11 requires the County to prepare its annual financial report in accordance with U.S. 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 comprehensive basis of accounting other than U.S. generally accepted accounting principles. We conducted our audit in accordance with U.S. 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 2000-3075-001 through 2000-3075-018. 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 1, 2001.

**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 2000-3075-019 through 2000-3075-022.



**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 2000-3075-019 through 2000-3075-022 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 1, 2001.**

**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 1, 2001**



**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, 2000. 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 U.S. 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.

In our opinion, 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, 2000.

**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 2000-3075-023.**

**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 not 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 1, 2001**

**PERRY COUNTY, OHIO**  
**December 31, 2000**

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

<b>1. SUMMARY OF AUDITORS' RESULTS</b>		
<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	<b>Unqualified</b>
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level of (GAGAS)?</b>	<b>Yes</b>
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	<b>Yes</b>
<b>(d)(1)(iii)</b>	<b>Was there any reported noncompliance at the financial statement level (GAGAS)?</b>	<b>Yes</b>
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	<b>Yes</b>
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major programs?</b>	<b>No</b>
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	<b>Unqualified</b>
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under §.510?</b>	<b>Yes</b>
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	<b>Community Development Block Grants/State's Program CFDA #14.228 Medical Assistance Program CFDA #93.778</b>
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	<b>Type A: &gt; \$300,000 Type B: &gt; All others</b>
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	<b>Yes</b>

**PERRY COUNTY, OHIO**  
December 31, 2000

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

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
<b>Finding Number</b>	<b>2000-3075-001</b>

Ohio Rev. Code Section 9.38 requires that public money be deposited with the treasurer of the public office or to a designated depository on the business day following the day of receipt. During our audit we noted that in some instances, money collected was not submitted to the treasurer's office or to a designated depository on the business day following the day of receipt. The following departments were in violation of this section:

Group Home County Court	MR/DD Juvenile Court	Auditor Engineer	Recorder
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We recommend that these departments improve their submissions of public money to the treasurer's office or to a designated depository on the business day following the day of receipt.

<b>Finding Number</b>	<b>2000-3075-002</b>
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Ohio Rev. Code Section 5705.39 states that appropriations are limited by estimated revenue. The total appropriation from each fund should not exceed the total certified resources. The county had the following nine funds where total appropriations exceeded the total certified resources:

<u>Fund</u>	<u>Certified Resources</u>	<u>Appropriations</u>	<u>Variance</u>
002	4,371,975	4,670,214	(298,239)
340	3,407	4,053	(646)
354	44,946	49,058	(4,112)
361	4,225	8,450	(4,225)
047	22,879	45,757	(22,878)
048	69,100	70,100	(1,000)
055	918,679	1,068,150	(149,471)
313	295,060	1,045,208	(750,148)
324	0	2,812	(2,812)

We recommend that appropriations and estimated revenue be closely monitored in the future to assure the county is in compliance with ORC 5705.39.

**PERRY COUNTY, OHIO**  
December 31, 2000

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

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED</b>	
<b>TO BE REPORTED IN ACCORDANCE WITH GAGAS - CONTINUED</b>	
<b>Finding Number</b>	<b>2000-3075-003</b>

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. An increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue. A reduced amended certificate must be obtained if the amount of deficiency will reduce available resources below the current level of appropriation. The county had the following 26 funds where actual receipts were below the current level of appropriations:

<u>Fund</u>	<u>Estimated Receipts</u>	<u>Actual Est. vs Act.</u>		<u>Appropriations</u>	<u>Act. vs Appr. Variance</u>
		<u>Receipts</u>	<u>Variance</u>		
006	4,729,627	4,674,387	(55,240)	4,836,277	(161,890)
014	200,000	194,831	(5,169)	286,710	(91,879)
019	2,324,144	2,311,923	(12,221)	2,500,089	(188,166)
026	42,450	40,626	(1,824)	44,153	(3,527)
034	55,000	44,186	(10,814)	56,772	(12,586)
041	779,382	779,038	(344)	789,176	(10,138)
045	7,000	6,920	(80)	10,715	(3,795)
046	720,000	647,073	(72,927)	798,862	(151,789)
070	1,829,032	1,694,848	(134,184)	2,193,145	(498,297)
095	332,400	172,781	(159,619)	355,347	(182,566)
300	900	823	(77)	4,800	(3,977)
303	5,000	4,656	(344)	10,390	(5,734)
310	38,809	32,172	(6,637)	52,590	(20,418)
343	281,610	207,249	(74,361)	279,496	(72,247)
345	66,136	34,862	(31,274)	70,744	(35,882)
346	27,029	23,566	(3,463)	33,303	(9,737)
347	53,590	45,266	(8,324)	53,074	(7,808)
349	17,802	15,802	(2,000)	24,781	(8,979)
352	199,814	198,129	(1,685)	237,953	(39,824)
355	79,850	69,089	(10,761)	92,363	(23,274)
043	1,001	436	(565)	568	(132)
055	918,600	585,366	(333,234)	1,068,150	(482,784)
333	85,000	84,538	(462)	89,566	(5,028)
356	3,000,000	2,368,392	(631,608)	3,000,000	(631,608)
036	139,372	129,888	(9,484)	147,998	(18,110)

We recommend that the County request an increased or decreased 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.

**PERRY COUNTY, OHIO**  
December 31, 2000

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

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED</b>	
<b>TO BE REPORTED IN ACCORDANCE WITH GAGAS - CONTINUED</b>	
<b>Finding Number</b>	<b>2000-3075-004</b>

Ohio Rev. Code Section 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated. The county had the following three funds where total disbursements plus outstanding encumbrances exceeded total appropriations:

<u>Fund</u>	<u>Total Appropriations</u>	<u>Total Disb.+O/S Enc.</u>	<u>Variance</u>
001	5,581,451	5,685,514	(104,063)
337	84,505	93,482	(8,977)
042	2,578,670	3,328,580	(749,910)

We recommend that the county only expend money if it has been appropriated.

<b>Finding Number</b>	<b>2000-3075-005</b>
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Ohio Rev. Code Section 5705.40 states that no appropriation may be reduced below an amount sufficient to cover all unliquidated and outstanding contracts or obligations against them. The county had the following three funds where total disbursements plus outstanding encumbrances exceeded total appropriations:

<u>Fund</u>	<u>Total Appropriations</u>	<u>Total Disb.+O/S Enc.</u>	<u>Variance</u>
001	5,581,451	5,685,514	(104,063)
337	84,505	93,482	(8,977)
042	2,578,670	3,328,580	(749,910)

We recommend that the county not allow appropriations to be reduced below an amount sufficient to cover all unliquidated and outstanding contracts or obligations against them.

<b>Finding Number</b>	<b>2000-3075-006</b>
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Ohio Rev. Code Section 5705.41(D) states that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. The county had 12 out of 60 disbursements tested where the invoice date preceded the purchase order date. We recommend that the county certify all funds before items are purchased.

**PERRY COUNTY, OHIO**  
**December 31, 2000**

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

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED</b> <b>TO BE REPORTED IN ACCORDANCE WITH GAGAS - CONTINUED</b>
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<b>Finding Number</b>	<b>2000-3075-007</b>
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Ohio Rev. Code Section 133.10 authorizes the taxing authority of any subdivision to issue notes in anticipation of the collection of current property taxes and/or any other current revenues. The notes issued cannot exceed ½ of the amount of the projected revenues remaining to be received during the fiscal year, as estimated by the budget commission in the case of property taxes, or as estimated by the fiscal officer in the case of other revenues. The notes must mature no later than 6 months after issuance, and in no case may they mature after the end of the fiscal year. During testing of debt, we noted that the county had issued bond anticipation notes in September of 2000 that matures in September of 2001, and the amount was in excess of ½ of the amount of the projected revenues remaining to be received during the fiscal year. This makes the maturity date in excess of 6 months, after the end of the current fiscal year, and in excess of ½ of the amount of the projected revenues remaining to be received during the fiscal year. We recommend that bond anticipation notes be issued in compliance with Ohio Rev. Code Section 133.10.

<b>Finding Number</b>	<b>2000-3075-008</b>
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Ohio Admin. Code Section 117-1-11 requires the county to prepare its annual financial report in accordance with U.S. 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 U.S. generally accepted accounting principles. The accompanying financial statements omit assets, liabilities, fund equities and disclosures that, while material, cannot be determined at this time. The County can be fined and various other remedies may be taken against the County. We recommend that the County prepare its annual financial report in accordance with U.S. generally accepted accounting principles.

<b>Finding Number</b>	<b>2000-3075-009</b>
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Ohio Rev. Code Section 135.341 establishes in each county a county investment advisory committee of 3 members ... The committee is required to meet at least once every 3 months to review or revise its policies and to advise the investing authority (generally the county treasurer) on county investments, with the objective of ensuring the best and safest return of funds to the county. We noted during testing that while the meetings were scheduled quarterly, none of the meetings were held, as no commissioners attended the meetings. We recommend that the advisory committee meetings be scheduled, and held on a quarterly basis as required by Ohio Rev. Code Section 135.341.



**PERRY COUNTY, OHIO**  
**December 31, 2000**

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

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED</b> <b>TO BE REPORTED IN ACCORDANCE WITH GAGAS - CONTINUED</b>
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<b>Finding Number</b>	<b>2000-3075-010</b>
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Ohio Rev. Code Section 2335.34 and 2335.35 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 cases 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 ... All moneys, fees costs, debts, and damages, remaining in the hands of the clerk of the court of common pleas or probate judge from the expiration of thirty days from the ending of the time of advertisement shall be paid by such officer or his successor to the county treasurer, on the order of the county auditor. During our audit, we noted for probate court and juvenile court, 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 probate court and the juvenile court 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.

<b>Finding Number</b>	<b>2000-3075-011</b>
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Ohio Rev. Code Section 325.071 states that the sheriff annually, before the first Monday of January, shall file with the county auditor an itemized statement, verified by the sheriff, as to the manner in which the fund provided by this section has been expended during the current year, and, if any part of that fund remains in the sheriff's hands unexpended, forthwith shall pay the remainder into the county treasury. The sheriff kept a full accounting of the funds received and expended, but did not file a full accounting of the expenditures with the county auditor. We recommend that the sheriff file an itemized statement, verified by the sheriff, as to the manner in which the funds provided by this section have been expended.

<b>Finding Number</b>	<b>2000-3075-012</b>
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Ohio Rev. Code Section 117.38 states that the public office must publish notice in a local newspaper stating the financial report is available for public inspection at the office of the chief fiscal officer. The county did not publish the notice in the local newspaper. We recommend that the county publish the notice in the local newspaper so that they will be in compliance with the Ohio Revised Code.

<b>Finding Number</b>	<b>2000-3075-013</b>
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Ohio Rev. Code Section 319.11 states that the county auditor upon completing the annual financial report shall publish notice that the report has been completed, and is available for public inspection at the office of the county auditor. The county auditor did not publish the notification in the newspaper. We recommend that the county auditor publish the notice in the local newspaper.

**PERRY COUNTY, OHIO**  
December 31, 2000

**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**

<b>Finding Number</b>	<b>2000-3075-014</b>
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Ohio Rev. Code Section 5705.28 states that on or before July 15, in each year, the taxing authority of each subdivision or other taxing unit is required to adopt a tax budget for the next succeeding fiscal year. The County Auditor was unable to produce the tax budget. We recommend that the tax budget be retained by the County Auditor, after being approved by the County Commissioners.

<b>Finding Number</b>	<b>2000-3075-015</b>
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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 purpose 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 following funds at year end after encumbrances:

<u>Fund</u>	<u>Name</u>	<u>Variance</u>
042	Human Services Building	(\$746,325)
055	Community Development	(\$ 54,793)
095	Drop Off Recycling	(\$ 61,805)
313	OWDA Loan Buckeye Lake	(\$461,477)
356	Multi-County Juvenile	(\$410,084)

It was also noted that the Enterprise fund would have had a negative variance, however, there were advances from other funds that resulted in a positive balance. It is noted that the operating receipts for the Enterprise fund were not sufficient to cover the debt payments and the operating expenses. We recommend that 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 debt and the operating expenses.

<b>Finding Number</b>	<b>2000-3075-016</b>
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Ohio Rev. Code Section 2303.28 states: "In every case immediately on the rendition of judgment, the clerk of the court of common pleas shall make out and file with the papers in the cause, an itemized bill of the costs therein, including the judgment." We noted during testing that in 36 out of 42 closed cases, the former clerk of courts of common pleas had not made out or filed an itemized bill of the costs therein. We recommend that the newly elected clerk of the court of common pleas shall make out and file with the papers in the cause, an itemized bill of the costs therein, including the judgment as required by Ohio Rev. Code 2303.28.

**PERRY COUNTY, OHIO**  
December 31, 2000

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

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - CONTINUED</b>
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<b>Finding Number</b>	<b>2000-3075-017</b>
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Ohio Rev. Code Section 2303.20 states: "Under the circumstances described in sections 2969.21 to 2969.27 of the Revised Code, the clerk of the court of common pleas shall charge the fees and perform the other duties specified in those sections." We noted during testing that in 36 out of 42 closed cases, the former clerk of the court of common pleas had not charged the fees that should have been charged. We recommend that the newly elected clerk of the court of common pleas shall charge the fees and perform the other duties specified.

<b>Finding Number</b>	<b>2000-3075-018</b>
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**FINDINGS FOR ADJUSTMENT:**

Ohio Rev. Code Section 9.39 states that "All money received or collected by a public official under color of office and not otherwise paid out according to law shall be paid into the treasury of the public office with which he is connected to the credit of a trust fund and shall be retained there until claimed by its lawful owner. During testing it was noted that the County bought a vehicle for the Sheriff's office using the unclaimed money fund in the amount of \$27,453. We contacted the Perry County Commissioners and explained that this was not an allowable transaction and subsequent to the year-end they transferred the transaction from the unclaimed fund to the general fund.

<b>Finding Number</b>	<b>2000-3075-019</b>
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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.

<b>Finding Number</b>	<b>2000-3075-020</b>
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**REPORTABLE CONDITION/MATERIAL WEAKNESS: RECORD RETENTION**

During our audit of the D.A.R.E. 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.

**PERRY COUNTY, OHIO**  
**December 31, 2000**

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

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED</b> <b>TO BE REPORTED IN ACCORDANCE WITH GAGAS - CONTINUED</b>
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<b>Finding Number</b>	<b>2000-3075-021</b>
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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.

<b>Finding Number</b>	<b>2000-3075-022</b>
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**REPORTABLE CONDITION/MATERIAL WEAKNESS: CLERK OF COURTS COSTING OF CASE FILES**

During our audit it was discovered that approximately 800 to 1,000 cases that were closed were not costed by the Clerk of Courts. It was determined that some of these cases go back to 1995. Since many of these cases have been closed for years, there are issues about the collectibility of these files. The newly elected Clerk of Courts believes that it will take approximately a year before the back log of closed cases is costed out and even longer to determine the amount of lost fees. We recommend that the newly elected Clerk of Courts implement costing procedures to assure that the department will not get behind with current cases as well as assuring that the back log will be completed in an expedient manner.

**PERRY COUNTY, OHIO**  
**December 31, 2000**

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

<b>3. FINDINGS FOR FEDERAL AWARDS</b>
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**NONCOMPLIANCE/REPORTABLE CONDITION:**

<b>Finding Number</b>	<b>2000-3075-023</b>
<b>CFDA Title and Number</b>	<b>Community Development Block Grants/State's Program; CFDA #14.228</b>
<b>Federal Award Number/Year</b>	<b>2000</b>
<b>Federal Agency</b>	<b>U.S. Department of Housing and Urban Development</b>
<b>Pass-Through Agency</b>	<b>Ohio Department of Development</b>

**During our audit it was noted that Perry County has not formally adopted a written procurement policy. The agency administering the program is using another county's policy. While controls appear to be in place to ensure that the agency is following a procurement policy, the Perry County Commissioners should pass a resolution adopting a procurement policy.**

**PERRY COUNTY, OHIO**  
**December 31, 2000**

**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>
<b>2000-3075-023</b>	<b>Develop a procurement policy to enhance the internal controls of the program.</b>	<b>July, 2001</b>	<b>Perry County Commissioners</b>

**PERRY COUNTY, OHIO  
STATUS OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS  
December 31, 2000**

<u>FINDINGS AND/OR RECOMMENDATIONS</u>	<u>STATUS</u>	<u>EXPLANATION IF NOT FULLY IMPLEMENTED</u>
<b>CITATIONS:</b>		
1. ORC Section 9.38	Not Corrected	No response.
2. ORC Section 5705.36	Not Corrected	No response.
3. ORC Section 5705.39	Not Corrected	No response.
4. ORC Section 5705.40	Not Corrected	No response.
5. ORC Section 5705.41(D)	Not Corrected	No response.
6. ORC Section 5705.41(D)	Not Corrected	No response.
7. ORC Section 5705.10	Not Corrected	No response.
8. ORC Section 117.1.11	Not Corrected	No response.
9. ORC Sections 2335.34, 2335.35 2113.64 and 2113.65	Not Corrected	No response.
10. ORC Section 325.071	Not Corrected	No response.
11. ORC Section 2925.03 and 2933.43	Corrected	N/A
12. ORC Section 5705.09	Not Corrected	No response.
13. ORC Section 5705.12	Corrected	N/A
<b>REPORTABLE CONDITIONS:</b>		
1. 1999-3075-016	Not Corrected	No response.
2. 1999-3075-015	Corrected	N/A
3. 1999-1075-016	Partially Corrected	No response.
4. 1999-3075-017	Corrected	N/A
5. 1999-3075-018	Not Corrected	No response.

**PERRY COUNTY, OHIO  
December 31, 2000**

**CONCLUSION STATEMENT**

**The audit report, including citations and recommendations, was reviewed with and acknowledged by the following officials on July 14, 2001.**

**Thad Cooperrider, 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  

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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.**

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
JULY 31, 2001