



**JIM PETRO**  
**AUDITOR OF STATE**  

---

**STATE OF OHIO**



**FINANCIAL CONDITION  
PICKAWAY COUNTY**

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STATE OF OHIO  
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## REPORT OF INDEPENDENT ACCOUNTANTS

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

We have audited the accompanying general-purpose financial statements of Pickaway County, Ohio (the County) as of and for the year ended December 31, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit. We did not audit the financial statements of the Brooks-Yates Center for Diversified Opportunities, Inc, the enterprise fund discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the component unit, is based solely on the report of the other auditors.

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

In our opinion, based on our audit and the report of the other auditors, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of Pickaway County, Ohio, as of December 31, 2001, and the results of its operations and the cash flows of its Proprietary Fund Types and discretely presented component unit, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 5, during the year ended December 31, 2001, the County adopted Governmental Accounting Standards Board Statements No. 33 and 36.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2001 on our consideration of the Government's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

We performed our audit to form an opinion on the general-purpose financial statements of the County, taken as a whole. The accompanying schedule of federal awards expenditures is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, sweeping initial "J" and a long, horizontal stroke extending to the right.

**JIM PETRO**  
Auditor of State

June 24, 2002

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**PICKAWAY COUNTY, OHIO**  
**Combined Balance Sheet**  
*All Fund Types, Account Groups and Discretely Presented Component Units*  
**December 31, 2001**

	<b>GOVERNMENTAL FUND TYPES</b>				<b>PROPRIETARY FUND TYPE</b>
	General	Special Revenue	Debt Service	Capital Projects	Enterprise
<b>Assets and Other Debits:</b>					
<b>Assets:</b>					
Cash and Cash Equivalents	\$1,551,243	\$5,202,008	\$105,911	\$142,112	\$159,112
Cash and Cash Equivalents in Segregated Accounts	0	21,690	0	0	0
<b>Receivables:</b>					
Taxes	2,757,064	1,734,056	0	0	0
Accounts	0	278	0	0	15,175
Accrued Interest	126,908	0	0	0	0
Special Assessments	0	0	148,300	0	0
Due from Other Funds	244,387	95,745	0	0	0
Due from Other Governments	590,528	2,468,070	0	0	0
Due from Component Unit	0	1,241,235	40,800	0	0
Materials and Supplies Inventory	30,083	369,025	0	0	0
Prepaid Items	67,762	1,740	0	0	0
Fixed Assets, (Net where applicable of Accumulated Depreciation)	0	0	0	0	89,222
<b>Other Debits:</b>					
Amount Available in Debt Service Fund for Retirement of General Obligation Debt	0	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0	0
<b>Total Assets and Other Debits</b>	<u>\$5,367,975</u>	<u>\$11,133,847</u>	<u>\$295,011</u>	<u>\$142,112</u>	<u>\$263,509</u>

See accompanying notes to the general purpose financial statements.



<i><b>FIDUCIARY FUND TYPES</b></i>	<i><b>ACCOUNT GROUPS</b></i>		Totals (Memorandum Only)	<i><b>COMPONENT UNITS</b></i>		Totals (Memorandum Only)
	General Fixed Assets	General Long-Term Obligations	Primary Government	Pickaway County Airport Authority	Brooks-Yates Center Diversified Opportunities, Inc.	Reporting Entity
\$2,580,309	\$0	\$0	\$9,740,695	\$0	\$0	\$9,740,695
234,576	0	0	256,266	194,618	88,488	539,372
33,465,220	0	0	37,956,340	0	36,780	37,993,120
0	0	0	15,453	0	0	15,453
0	0	0	126,908	0	0	126,908
0	0	0	148,300	0	0	148,300
0	0	0	340,132	0	0	340,132
4,792,819	0	0	7,851,417	0	0	7,851,417
0	0	0	1,282,035	0	0	1,282,035
0	0	0	399,108	0	0	399,108
0	0	0	69,502	0	0	69,502
0	28,666,033	0	28,755,255	0	1,658,436	30,413,691
0	0	105,911	105,911	0	0	105,911
0	0	3,742,290	3,742,290	0	0	3,742,290
<u>\$41,072,924</u>	<u>\$28,666,033</u>	<u>\$3,848,201</u>	<u>\$90,789,612</u>	<u>\$194,618</u>	<u>\$1,783,704</u>	<u>\$92,767,934</u>

(Continued)

**PICKAWAY COUNTY, OHIO**  
**Combined Balance Sheet**  
*All Fund Types, Account Groups and Discretely Presented Component Units*  
**December 31, 2001**

	<b>GOVERNMENTAL FUND TYPES</b>				<b>PROPRIETARY FUND TYPE</b>
	General	Special Revenue	Debt Service	Capital Projects	Enterprise
<b>Liabilities:</b>					
Accounts Payable	\$126,150	\$283,331	\$0	\$0	\$12,748
Contracts Payable	64,460	717,293	0	21,551	0
Accrued Wages and Benefits	343,738	515,863	0	0	0
Compensated Absences Payable	69,230	88,589	0	0	0
Due to Other Funds	0	17,084	0	0	0
Due to Other Governments	38,968	60,259	0	0	0
Deferred Revenue	2,744,902	4,104,813	189,100	0	0
Deposits Held and Due To Others	166,559	0	0	0	0
Undistributed Monies	0	0	0	0	0
Due to Primary Government	0	0	0	0	0
Accrued Interest Payable	0	1,538	0	0	2,923
Notes Payable	0	527,152	0	0	61,443
Capital Leases Payable	0	0	0	0	0
Special Assessment Bonds Payable	0	0	0	0	0
General Obligation Bonds Payable	0	0	0	0	0
<b>Total Liabilities</b>	<b>3,554,007</b>	<b>6,315,922</b>	<b>189,100</b>	<b>21,551</b>	<b>77,114</b>
<b>Fund Equity and Other Credits:</b>					
Investment in General Fixed Assets	0	0	0	0	0
Contributed Capital	0	0	0	0	245,901
<b>Retained Earnings:</b>					
Unreserved	0	0	0	0	(59,506)
<b>Fund Balance:</b>					
Reserved for Encumbrances	0	299,576	0	0	0
Reserved for Inventory	30,083	369,025	0	0	0
Reserved for Debt Service	0	0	105,911	0	0
<b>Unreserved:</b>					
Undesignated	1,783,885	4,149,324	0	120,561	0
<b>Total Fund Equity and Other Credits</b>	<b>1,813,968</b>	<b>4,817,925</b>	<b>105,911</b>	<b>120,561</b>	<b>186,395</b>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b>\$5,367,975</b>	<b>\$11,133,847</b>	<b>\$295,011</b>	<b>\$142,112</b>	<b>\$263,509</b>

See accompanying notes to the general purpose financial statements.

<b>FIDUCIARY FUND TYPES</b>	<b>ACCOUNT GROUPS</b>		Totals (Memorandum Only)	<b>COMPONENT UNITS</b>		Totals (Memorandum Only)
	General Fixed Assets	General Long-Term Obligations	Primary Government	Pickaway County Airport Authority	Brooks-Yates Center Diversified Opportunities, Inc.	Reporting Entity
\$19,382	\$0	\$0	\$441,611	\$0	\$13,065	\$454,676
0	0	0	803,304	0	102,122	905,426
54,979	0	0	914,580	0	12,001	926,581
0	0	927,453	1,085,272	0	0	1,085,272
323,048	0	0	340,132	0	0	340,132
40,339,973	0	0	40,439,200	0	0	40,439,200
0	0	0	7,038,815	0	0	7,038,815
15,438	0	0	181,997	0	0	181,997
317,741	0	0	317,741	0	0	317,741
0	0	0	0	0	1,282,035	1,282,035
0	0	0	4,461	0	827	5,288
0	0	1,371,068	1,959,663	0	7,797	1,967,460
0	0	250,880	250,880	0	0	250,880
0	0	148,000	148,000	0	0	148,000
0	0	1,150,800	1,150,800	0	0	1,150,800
41,070,561	0	3,848,201	55,076,456	0	1,417,847	56,494,303
0	28,666,033	0	28,666,033	0	0	28,666,033
0	0	0	245,901	0	14,236	260,137
0	0	0	(59,506)	0	0	(59,506)
0	0	0	299,576	0	0	299,576
0	0	0	399,108	0	0	399,108
0	0	0	105,911	0	0	105,911
2,363	0	0	6,056,133	194,618	351,621	6,602,372
2,363	28,666,033	0	35,713,156	194,618	365,857	36,273,631
\$41,072,924	\$28,666,033	\$3,848,201	\$90,789,612	\$194,618	\$1,783,704	\$92,767,934

**PICKAWAY COUNTY, OHIO**  
**Combined Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - All Governmental Fund Types,**  
**Expendable Trust Funds and Discretely Presented Component Unit**  
**For the Year Ended December 31, 2001**

	<b>GOVERNMENTAL FUND TYPES</b>			
	General	Special Revenue	Debt Service	Capital Projects
<b>Revenues:</b>				
Taxes	\$5,349,217	\$2,170,868	\$0	\$77,202
Charges for Services	1,648,073	737,366	0	0
Licenses and Permits	14,389	0	0	0
Fines and Forfeitures	67,865	35,427	0	0
Intergovernmental	1,232,733	14,466,133	0	0
Special Assessments	0	12,785	13,236	0
Interest Earnings	683,348	0	0	0
Other	1,130,910	1,484,487	19,570	80,283
<i>Total Revenues</i>	<u>10,126,535</u>	<u>18,907,066</u>	<u>32,806</u>	<u>157,485</u>
<b>Expenditures:</b>				
<i>Current:</i>				
<i>General Government:</i>				
Legislative and Executive	3,024,146	193,488	0	0
Judicial	1,174,264	309,543	0	0
Public Safety	4,010,553	616,044	0	0
Public Works	115,592	5,110,055	0	0
Health	75,963	3,967,547	0	0
Human Services	394,179	8,278,247	0	0
Conservation and Recreation	321,376	17,659	0	0
Economic Development and Assistance	0	713,594	0	0
Other	110,277	3,342	0	0
Capital Outlay	188,582	107,126	0	529,646
<i>Debt Service:</i>				
Principal Retirement	105,252	38,251	1,086,984	0
Interest and Fiscal Charges	17,184	62,894	188,075	0
<i>Total Expenditures</i>	<u>9,537,368</u>	<u>19,417,790</u>	<u>1,275,059</u>	<u>529,646</u>
Excess of Revenues Over (Under) Expenditures	589,167	(510,724)	(1,242,253)	(372,161)
<b>Other Financing Sources(Uses):</b>				
Proceeds from Sale of Notes	0	90,000	0	0
Inception of Capital Lease	57,550	23,657	0	0
Operating Transfers - In	7	951,276	1,248,821	0
Operating Transfers - Out	(786,924)	(1,380,998)	(7)	(32,175)
<i>Total Other Financing Sources (Uses)</i>	<u>(729,367)</u>	<u>(316,065)</u>	<u>1,248,814</u>	<u>(32,175)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(140,200)	(826,789)	6,561	(404,336)
Fund Balances (Deficit) at Beginning of Year, As Restated	1,962,574	5,600,274	99,350	524,897
Increase (Decrease) in Reserve for Inventory	(8,406)	44,440	0	0
Fund Balances (Deficit) at End of Year	<u>\$1,813,968</u>	<u>\$4,817,925</u>	<u>\$105,911</u>	<u>\$120,561</u>

See accompanying notes to the general purpose financial statements.

<i><b>FIDUCIARY FUND TYPE</b></i>	Totals (Memorandum Only)	<i><b>COMPONENT UNIT</b></i>	Totals (Memorandum Only)
Expendable Trust	Primary Government	Pickaway County Airport Authority	Reporting Entity
\$0	\$7,597,287	\$0	\$7,597,287
0	2,385,439	0	2,385,439
0	14,389	0	14,389
0	103,292	0	103,292
0	15,698,866	227,949	15,926,815
0	26,021	0	26,021
0	683,348	641	683,989
0	2,715,250	41,426	2,756,676
0	29,223,892	270,016	29,493,908
0	3,217,634	44,467	3,262,101
0	1,483,807	0	1,483,807
0	4,626,597	0	4,626,597
0	5,225,647	0	5,225,647
0	4,043,510	0	4,043,510
0	8,672,426	0	8,672,426
0	339,035	0	339,035
0	713,594	0	713,594
0	113,619	0	113,619
0	825,354	87,096	912,450
0	1,230,487	0	1,230,487
0	268,153	0	268,153
0	30,759,863	131,563	30,891,426
0	(1,535,971)	138,453	(1,397,518)
0	90,000	0	90,000
0	81,207	0	81,207
0	2,200,104	0	2,200,104
0	(2,200,104)	0	(2,200,104)
0	171,207	0	171,207
0	(1,364,764)	138,453	(1,226,311)
2,363	8,189,458	56,165	8,245,623
0	36,034	0	36,034
<u>\$2,363</u>	<u>\$6,860,728</u>	<u>\$194,618</u>	<u>\$7,055,346</u>

**PICKAWAY COUNTY, OHIO**  
**Combined Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual (Budget Basis)**  
**All Governmental Fund Types and Expendable Trust Funds**  
**For the Year Ended December 31, 2001**

	General Fund		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
<b>Revenues:</b>			
Taxes	\$5,566,150	\$5,864,109	\$297,959
Charges for Services	1,583,120	1,641,820	58,700
Licenses and Permits	10,100	14,389	4,289
Fines and Forfeitures	82,587	104,078	21,491
Intergovernmental	1,213,530	1,229,956	16,426
Special Assessments	0	0	0
Interest Earnings	605,800	749,958	144,158
Other	469,560	610,906	141,346
<i>Total Revenues</i>	<u>9,530,847</u>	<u>10,215,216</u>	<u>684,369</u>
<b>Expenditures:</b>			
<i>Current:</i>			
<i>General Government:</i>			
Legislative and Executive	3,168,730	2,974,658	194,072
Judicial	1,185,458	1,158,635	26,823
Public Safety	4,116,320	4,005,148	111,172
Public Works	116,338	114,403	1,935
Health	78,497	78,460	37
Human Services	371,397	370,591	806
Conservation and Recreation	338,848	321,376	17,472
Economic Development and Assistance	0	0	0
Other	196,173	111,691	84,482
Capital Outlay	188,582	188,582	0
<i>Debt Service:</i>			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Expenditures</i>	<u>9,760,343</u>	<u>9,323,544</u>	<u>436,799</u>
Excess of Revenues Over (Under) Expenditures	(229,496)	891,672	1,121,168
<b>Other Financing Sources (Uses):</b>			
Proceeds from Sale of Notes	0	0	0
Operating Transfers - In	50,000	7	(49,993)
Operating Transfers - Out	(1,125,579)	(771,049)	354,530
Advances - In	25,000	18,770	(6,230)
Advances - Out	0	(18,770)	(18,770)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,050,579)</u>	<u>(771,042)</u>	<u>279,537</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,280,075)	120,630	1,400,705
Fund Balances (Deficit) at Beginning of Year	1,374,424	1,374,424	0
Prior Year Encumbrances Appropriated	0	0	0
Fund Balances (Deficit) at End of Year	<u>\$94,349</u>	<u>\$1,495,054</u>	<u>\$1,400,705</u>

See accompanying notes to the general purpose financial statements.

**GOVERNMENTAL FUND TYPES**

Special Revenue Funds			Debt Service Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$2,131,917	\$2,170,868	\$38,951	\$0	\$0	\$0
714,700	590,306	(124,394)	0	0	0
0	0	0	0	0	0
41,420	37,058	(4,362)	0	0	0
15,090,169	13,879,669	(1,210,500)	0	0	0
124,235	12,785	(111,450)	84,117	13,236	(70,881)
0	0	0	0	0	0
1,327,987	1,447,897	119,910	17,779	19,570	1,791
<u>19,430,428</u>	<u>18,138,583</u>	<u>(1,291,845)</u>	<u>101,896</u>	<u>32,806</u>	<u>(69,090)</u>
347,388	188,444	158,944	0	0	0
395,050	293,156	101,894	0	0	0
559,320	402,214	157,106	0	0	0
5,796,120	4,843,426	952,694	0	0	0
4,129,298	3,961,877	167,421	0	0	0
9,236,258	8,273,846	962,412	0	0	0
89,599	17,659	71,940	0	0	0
635,632	569,005	66,627	0	0	0
3,493	3,342	151	0	0	0
111,946	107,126	4,820	0	0	0
394,562	381,898	12,664	1,087,029	1,086,984	45
69,117	63,302	5,815	190,197	188,075	2,122
<u>21,767,783</u>	<u>19,105,295</u>	<u>2,662,488</u>	<u>1,277,226</u>	<u>1,275,059</u>	<u>2,167</u>
(2,337,355)	(966,712)	1,370,643	(1,175,330)	(1,242,253)	(66,923)
703,469	703,469	0	0	0	0
1,510,690	935,401	(575,289)	1,178,936	1,248,821	69,885
(1,630,355)	(1,380,998)	249,357	(7)	(7)	0
0	18,770	18,770	0	0	0
0	(18,770)	(18,770)	0	0	0
<u>583,804</u>	<u>257,872</u>	<u>(325,932)</u>	<u>1,178,929</u>	<u>1,248,814</u>	<u>69,885</u>
(1,753,551)	(708,840)	1,044,711	3,599	6,561	2,962
5,470,403	5,470,403	0	99,350	99,350	0
73,403	73,403	0	0	0	0
<u>\$3,790,255</u>	<u>\$4,834,966</u>	<u>\$1,044,711</u>	<u>\$102,949</u>	<u>\$105,911</u>	<u>\$2,962</u>

(Continued)

**PICKAWAY COUNTY, OHIO**  
**Combined Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual (Budget Basis)**  
**All Governmental Fund Types and Expendable Trust Funds**  
**For the Year Ended December 31, 2001**

	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Taxes	\$200,000	\$134,412	(\$65,588)
Charges for Services	0	0	0
Licenses and Permits	0	0	0
Fines and Forfeitures	0	0	0
Intergovernmental	0	0	0
Special Assessments	0	0	0
Interest Earnings	0	0	0
Other	105,401	80,283	(25,118)
<i>Total Revenues</i>	<u>305,401</u>	<u>214,695</u>	<u>(90,706)</u>
<b>Expenditures:</b>			
<i>Current:</i>			
<i>General Government:</i>			
Legislative and Executive	0	0	0
Judicial	0	0	0
Public Safety	0	0	0
Public Works	0	0	0
Health	0	0	0
Human Services	0	0	0
Conservation and Recreation	0	0	0
Economic Development and Assistance	0	0	0
Other	0	0	0
Capital Outlay	663,486	513,809	149,677
<i>Debt Service:</i>			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Expenditures</i>	<u>663,486</u>	<u>513,809</u>	<u>149,677</u>
Excess of Revenues Over (Under) Expenditures	(358,085)	(299,114)	58,971
<b>Other Financing Sources (Uses):</b>			
Proceeds from Sale of Notes	0	0	0
Operating Transfers - In	50,000	0	(50,000)
Operating Transfers - Out	(49,008)	(32,175)	16,833
Advances - In	0	0	0
Advances - Out	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>992</u>	<u>(32,175)</u>	<u>(33,167)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(357,093)	(331,289)	25,804
Fund Balances (Deficit) at Beginning of Year	473,401	473,401	0
Prior Year Encumbrances Appropriated	0	0	0
Fund Balances (Deficit) at End of Year	<u>\$116,308</u>	<u>\$142,112</u>	<u>\$25,804</u>

See accompanying notes to the general purpose financial statements.



Expendable Trust Funds			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$7,898,067	\$8,169,389	\$271,322
0	0	0	2,297,820	2,232,126	(65,694)
0	0	0	10,100	14,389	4,289
0	0	0	124,007	141,136	17,129
0	0	0	16,303,699	15,109,625	(1,194,074)
0	0	0	208,352	26,021	(182,331)
0	0	0	605,800	749,958	144,158
0	0	0	1,920,727	2,158,656	237,929
0	0	0	29,368,572	28,601,300	(767,272)
0	0	0	3,516,118	3,163,102	353,016
0	0	0	1,580,508	1,451,791	128,717
0	0	0	4,675,640	4,407,362	268,278
0	0	0	5,912,458	4,957,829	954,629
0	0	0	4,207,795	4,040,337	167,458
0	0	0	9,607,655	8,644,437	963,218
0	0	0	428,447	339,035	89,412
0	0	0	635,632	569,005	66,627
0	0	0	199,666	115,033	84,633
0	0	0	964,014	809,517	154,497
0	0	0	1,481,591	1,468,882	12,709
0	0	0	259,314	251,377	7,937
0	0	0	33,468,838	30,217,707	3,251,131
0	0	0	(4,100,266)	(1,616,407)	2,483,859
0	0	0	703,469	703,469	0
0	0	0	2,789,626	2,184,229	(605,397)
0	0	0	(2,804,949)	(2,184,229)	620,720
0	0	0	25,000	37,540	12,540
0	0	0	0	(37,540)	(37,540)
0	0	0	713,146	703,469	(9,677)
0	0	0	(3,387,120)	(912,938)	2,474,182
2,363	2,363	0	7,419,941	7,419,941	0
0	0	0	73,403	73,403	0
<u>\$2,363</u>	<u>\$2,363</u>	<u>\$0</u>	<u>\$4,106,224</u>	<u>\$6,580,406</u>	<u>\$2,474,182</u>

**PICKAWAY COUNTY, OHIO**  
**Statement of Revenues, Expenses**  
**and Changes in Fund Equity/Fund Balances**  
**Enterprise Fund and Discretely Presented Component Unit**  
**For the Year Ended December 31, 2001**

	<b>PRIMARY GOVERNMENT</b>	<b>COMPONENT UNIT</b>	Totals (Memorandum Only)
	Enterprise	Brooks-Yates Center Diversified Opportunities, Inc.	Reporting Entity
<b>Operating Revenues:</b>			
Charges for Services	\$121,317	\$344,288	\$465,605
Contributed Services from County	0	58,684	58,684
Other Operating Revenues	570	28,015	28,585
<i>Total Operating Revenues</i>	<u>121,887</u>	<u>430,987</u>	<u>552,874</u>
<b>Operating Expenses:</b>			
Personal Services	0	223,159	223,159
Donated Services	0	58,684	58,684
Contractual Services	89,050	29,695	118,745
Materials and Supplies	196	85,109	85,305
Repairs and Maintenance	0	9,320	9,320
Grants	0	6,749	6,749
Fundraising	0	5,211	5,211
Other Operating Expenses	7,249	11,898	19,147
Depreciation	9,406	28,836	38,242
<i>Total Operating Expenses</i>	<u>105,901</u>	<u>458,661</u>	<u>564,562</u>
Operating Income (Loss)	15,986	(27,674)	(11,688)
<b>Nonoperating Revenues (Expenses):</b>			
Intergovernmental Revenue	0	149,727	149,727
Donations and Fundraising	0	34,874	34,874
Investment Income	0	1,394	1,394
Tap-In Fees	1,000	0	1,000
Special Assessments	16,340	0	16,340
Interest and Fiscal Charges	(3,556)	(60,249)	(63,805)
Gain on Disposal of Assets	0	42,345	42,345
<i>Total Nonoperating Revenues (Expenses)</i>	<u>13,784</u>	<u>168,091</u>	<u>181,875</u>
Net Income (Loss)	29,770	140,417	170,187
Retained Earnings/Fund Balance at Beginning of Year, As Restated	<u>(89,276)</u>	<u>211,204</u>	<u>121,928</u>
Retained Earnings/Fund Balance at End of Year	(59,506)	351,621	292,115
Contributed Capital at End of Year	<u>245,901</u>	<u>14,236</u>	<u>260,137</u>
Total Fund Equity at End of Year	<u>\$186,395</u>	<u>\$365,857</u>	<u>\$552,252</u>

See accompanying notes to the general purpose financial statements.

**PICKAWAY COUNTY, OHIO**  
**Statement of Revenues, Expenses and**  
**Changes in Fund Equity - Budget and Actual (Budget Basis)**  
**Enterprise Fund**  
**For the Year Ended December 31, 2001**

	Enterprise Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Charges for Services	\$145,000	\$122,045	(\$22,955)
Tap-In Fees	0	1,000	1,000
Special Assessments	0	16,340	16,340
Proceeds of Notes	0	61,443	61,443
Other Revenues	0	570	570
<i>Total Revenues</i>	<u>145,000</u>	<u>201,398</u>	<u>56,398</u>
<b>Expenses:</b>			
Contractual Services	103,000	82,250	20,750
Other Expenses	41,500	7,249	34,251
<i>Debt Service:</i>			
Principal Retirement	4,000	63,776	(59,776)
Interest and Fiscal Charges	6,000	3,667	2,333
<i>Total Expenses</i>	<u>154,500</u>	<u>156,942</u>	<u>(2,442)</u>
Excess of Revenues Over (Under) Expenses	(9,500)	44,456	53,956
Fund Equity (Deficit) at Beginning of Year	<u>114,656</u>	<u>114,656</u>	<u>0</u>
Fund Equity (Deficit) at End of Year	<u>\$105,156</u>	<u>\$159,112</u>	<u>\$53,956</u>

See accompanying notes to the general purpose financial statements.

**PICKAWAY COUNTY, OHIO**  
**Statement of Cash Flows**  
**Enterprise Fund and Discretely Presented Component Unit**  
**For the Year Ended December 31, 2001**

	<u>PRIMARY GOVERNMENT</u>	<u>COMPONENT UNIT</u>	Totals (Memorandum Only)
	Enterprise	Brooks-Yates Center Diversified Opportunities, Inc.	Reporting Entity
<b>Cash Flows from Operating Activities:</b>			
Cash Receipts from Customers	\$122,045	\$345,707	\$467,752
Other Operating Receipts	570	28,015	28,585
Cash Payments to Employees	0	(216,935)	(216,935)
Cash Payments for Goods and Services	(82,250)	(135,312)	(217,562)
Cash Payments for Other Operating Expenses	(7,249)	(8,275)	(15,524)
<i>Net Cash from Operating Activities</i>	<u>33,116</u>	<u>13,200</u>	<u>46,316</u>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Cash Received from Intergovernmental Grants	0	86,317	86,317
Cash Received from Donations and Fundraisers	0	34,874	34,874
<i>Net Cash from Noncapital Financing Activities</i>	<u>0</u>	<u>121,191</u>	<u>121,191</u>
<b>Cash Flows from Capital &amp; Related Financing Activities:</b>			
Cash Payments for Principal on Notes	(63,776)	(201,483)	(265,259)
Cash Payments for Interest on Notes	(3,667)	(59,422)	(63,089)
Cash Received from Proceeds of Notes	61,443	540,000	601,443
Cash Received from Proceeds of Sale of Assets	0	83,097	83,097
Cash Payments for the Acquisition of Capital Assets	0	(554,616)	(554,616)
Cash Received from Capital Intergovernmental Support	0	63,410	63,410
Cash Received from Tap-In Fees	1,000	0	1,000
Cash Received from Special Assessments	16,340	0	16,340
<i>Net Cash from Capital &amp; Related Financing Activities</i>	<u>11,340</u>	<u>(129,014)</u>	<u>(117,674)</u>
<b>Cash Flows from Investing Activities:</b>			
Interest Received on Investments	0	1,394	1,394
<i>Net Cash from Investing Activities</i>	<u>0</u>	<u>1,394</u>	<u>1,394</u>
Net Increase (Decrease) in Cash & Cash Equivalents	44,456	6,771	51,227
Cash & Cash Equivalents at Beginning of Year	<u>114,656</u>	<u>81,717</u>	<u>196,373</u>
Cash & Cash Equivalents at End of Year	<u>\$159,112</u>	<u>\$88,488</u>	<u>\$247,600</u>

See accompanying notes to the general purpose financial statements.

(Continued)

**PICKAWAY COUNTY, OHIO**  
**Statement of Cash Flows**  
**Enterprise Fund and Discretely Presented Component Unit**  
**For the Year Ended December 31, 2001**

	<u>PRIMARY GOVERNMENT</u>	<u>COMPONENT UNIT</u>	Totals (Memorandum Only)
	Enterprise	Brooks-Yates Center Diversified Opportunities, Inc.	Reporting Entity
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities:</b>			
Operating Income (Loss)	\$15,986	(\$27,674)	(\$11,688)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities:</b>			
Depreciation Expense	9,406	28,836	38,242
<b>Changes in Assets &amp; Liabilities:</b>			
(Increase) Decrease in Accounts Receivable	728	(3,981)	(3,253)
(Increase) Decrease in Inventory	0	5,226	5,226
Increase (Decrease) in Accounts Payable	6,996	4,569	11,565
Increase (Decrease) in Accrued Wages and Benefits	0	6,224	6,224
<b>Net Cash from Operating Activities</b>	<u>\$33,116</u>	<u>\$13,200</u>	<u>\$46,316</u>

**Schedule of Noncash Investing, Capital, and Financing Activities**

During fiscal year 2001, Brooks-Yates Center Diversified Opportunities, Inc. received \$58,684 of in-kind for facilities, equipment, transportation and salaries.

See accompanying notes to the general purpose financial statements.

**PICKAWAY COUNTY, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 2001**

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**NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION**

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

**Reporting Entity**

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

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

**Discretely Presented Components Units**

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

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

**PICKAWAY COUNTY, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 2001**

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**NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION** (Continued)

Pickaway County Airport Authority - Pickaway County Airport Authority (the Authority) operates on a fiscal year ending December 31. The five member Board for the Authority is appointed by the County Commissioners. The Commissioners also review the budget and have the ability to impose its will on the Authority. All the Authority's land and fixed assets belong to the County. Pickaway County also provides utilities and insurance for the Authority. During 2001, the County made \$49,000 in financial contributions either to or on behalf of the Authority. Financial information can be obtained from Pickaway County Airport Authority at 28181 McCrady Road, Circleville, Ohio 43113.

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

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

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

- Soil and Water Conservation District
- Pickaway County Health District

**Basis of Presentation - Fund Accounting**

The County uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain County functions or activities.

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

**PICKAWAY COUNTY, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 2001**

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**NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION** (Continued)

**Governmental Fund Types**

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

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

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

Debt Service Funds These funds are used to account for the accumulation of financial resources for, and the payment of, general long-term debt principal, interest and related costs and special assessment long-term debt principal, interest and related costs.

Capital Projects Funds These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by enterprise funds).

**Proprietary Fund Type**

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

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

**Fiduciary Fund Types**

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

Expendable Trusts These funds are accounted for in essentially the same manner as governmental funds.

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

**Account Groups**

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



**PICKAWAY COUNTY, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 2001**

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**NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION** (Continued)

General Fixed Assets Account Group The General Fixed Assets Account Group is used to account for all fixed assets of the County, other than those fixed assets accounted for in the enterprise funds.

General Long-Term Obligations Account Group The General Long-Term Obligations Account Group is used to account for all long-term debt of the County, except that accounted for in the enterprise funds.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to generally accepted accounting principles for local governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board and other recognized authoritative sources. Additional information on the County's discretely presented component units can be found in Note 18 to the general purpose financial statements.

**Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental and expendable trust funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. Agency funds are purely custodial in nature (assets equal liabilities) and thus do not focus on the measurement of operations.

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

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

The modified accrual basis of accounting is followed for the governmental, expendable trust and agency funds. The accrual basis of accounting is followed for the proprietary fund.

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

**PICKAWAY COUNTY, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 2001**

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

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: earnings on investments, permissive sales tax, grants and entitlements, charges for services, and fines and forfeitures.

Deferred Revenue: Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of December 31, 2001, but which were levied to finance fiscal year 2002 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On a modified accrual basis, receivables that will not be collected within the available period have also been reported as deferred revenue.

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

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

Under the guidelines of GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and other Governmental Entities that use Proprietary Fund Accounting", the County has elected not to apply Financial Accounting Standards Boards Statements and Interpretations issued after November 30, 1989, to its proprietary fund activity.

**Budgetary Process**

The budgetary process is prescribed by provisions of the 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 appropriations resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations 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 legal level of budgetary control is at the object level within each department. Budgetary modifications may only be made by resolution of the County Commissioners.

Tax Budget: A budget of estimated revenues and expenditures is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 15 of each year, for the period January 1 to December 31 of the following year.

**PICKAWAY COUNTY, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 2001**

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

Estimated Resources: The County Budget Commission reviews estimated revenues 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 estimated beginning of year fund balance and 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 actual 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 to be either increased or decreased. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2001. The budgeted receipts as reported in the budgetary financial statements were estimated based upon actual 2001 receipts by revenue category.

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

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

Budgeted Level of Expenditures: Administrative control is maintained through the establishment of detailed line-item budgets. Appropriated funds may not be expended for purposes other than those designated in the appropriation resolution without authority from the Commissioners. Expenditures plus encumbrances may not legally exceed appropriations at the level of appropriation. Commissioners' appropriations are made to fund, department and object level (i.e., General Fund - Commissioners - personal services, fringe benefits, supplies and materials, contractual services and other expenditures).

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. On the GAAP basis, encumbrances outstanding at year end are reported as reservations of fund balances for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for enterprise funds.

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

**PICKAWAY COUNTY, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 2001**

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

**Cash and Cash Equivalents**

The County previously adopted GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", and records all its investments at fair value. Cash balances of the County's funds, except cash held by a trustee or fiscal agent and in segregated accounts, are pooled and invested in short-term investments in order to provide improved cash management. Each fund type's share of the pool is presented on the balance sheet in the account "Cash and Cash Equivalents." For purposes of the statement of cash flows and for presentation on the combined balance sheet, funds included within the Treasurer's cash management pool and investments with original maturities of three months or less are considered to be cash and cash equivalents.

Cash and cash equivalents that are held separately within departments of the County and not held with the County Treasurer are recorded on the balance sheet as "Cash and Cash Equivalents in Segregated Accounts." Interest is distributed to the General Fund. Interest earned during 2001 amounted to \$683,348. Of this amount, \$585,534 represents interest assigned from other funds to the General Fund.

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

The County has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during 2001. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio 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 STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 2001.

**Inventory of Supplies**

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

**Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2001, are recorded as prepaid items by using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure is reported in the year in which services are consumed.

**Interfund Assets and Liabilities**

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "Due from Other Funds" or "Due to Other Funds" on the balance sheet.

**PICKAWAY COUNTY, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 2001**

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

**Fixed Assets**

The fixed asset values initially were determined at December 31, 1991, assigning original acquisition costs when such information was available. In cases where information supporting original costs was not available, estimated historical costs were developed. For certain fixed assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition. Donated fixed assets are capitalized at estimated fair market value on the date donated. During 1994, a comprehensive inventory management system was implemented to monitor and track fixed assets and related depreciation. The County has established \$1,000 as the threshold for which fixed assets are to be reported. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements that extend the useful life or increase the capacity or operating efficiency of the asset are capitalized at cost.

General Fixed Assets: General fixed assets (fixed assets used in governmental fund type operations) are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the General Fixed Assets Account Group at historical cost or estimated historical cost. Assets in the General Fixed Assets Account Group are not depreciated. Public domain (infrastructure) general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are not capitalized or reported, as these assets are immovable and of value only to the County.

Enterprise Fund Fixed Assets: Fixed assets reflected in the enterprise fund are stated at historical cost (or estimated historical cost) and are updated for the cost of additions and retirements during the year. The County capitalizes interest on debt financed fixed assets for the enterprise fund. There were not any debt financed fixed assets nor any capitalized interest during 2001. Depreciation has been provided on a straight-line basis over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Sewer treatment plants and buildings	40
Sewer lines and related assets	70

**Compensated Absences**

The County uses the provisions of GASB Statement No. 16, "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and by those employees for whom it is probable will become eligible to receive payment in the future. The County has determined that employees employed with the County for five or more years are probable to receive payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year end.

County employees earn vacation and sick leave at varying rates depending on length of service and departmental policy. All accumulated, unused vacation time is paid upon separation if the employee has at least one year of service. Accumulated, unused sick leave is paid up to a maximum of 240 hours depending on the length of service.

**PICKAWAY COUNTY, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 2001**

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

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "Compensated Absences Payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the General Long-Term Obligations Account Group. The entire amount of compensated absences in the enterprise fund is reported (when applicable) as a fund liability.

**Contributed Capital**

Contributed capital represents resources from other funds, other governments, private sources, and tap-in fees, to the extent they exceed the cost of physical connection to the system, which have been provided to the enterprise funds and are not subject to repayment. Because the County, prior to 1992, had not prepared financial statements in accordance with generally accepted accounting principles, the exact amount of contributed capital pertaining to years prior to 1991 cannot be determined. Consequently, only those amounts that have been able to be identified specifically have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to the enterprise fund have been classified as retained earnings.

**Reserves of Fund Equity**

The County records reservations for those portions of fund balance that are legally segregated for specific future use or which do not represent available, spendable resources and, therefore, are not available for expenditure. Undesignated fund balance indicates that portion of fund equity that is available for appropriation in future periods. Fund balance reserves have been established for encumbrances, debt service and inventory of supplies.

**Long-term Debt**

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the General Long-Term Obligations Account Group.

**Interfund Transactions**

During the course of normal operations, the County has numerous transactions between funds, most of which are in the form of transfers of resources to provide services, construct assets and service debt. The accompanying financial statements generally reflect such transactions as operating transfers. Operating subsidies are also recorded as operating transfers.

Nonrecurring and non-routine transfers of equity between funds and the transfer of residual balances of discontinued funds or projects to the General Fund or capital projects funds are classified as residual equity transfers.

Transactions that constitute reimbursements for expenditures or expenses initially made from a fund that are properly allocable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditures and expenses in the fund that is reimbursed.

**PICKAWAY COUNTY, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 2001**

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

**Estimates**

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

**Total Columns on General Purpose Financial Statements**

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

**NOTE 3 - RECONCILIATION OF BUDGET BASIS TO GAAP BASIS**

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

The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) - All Governmental Fund Types and Expendable Trust Funds and the Statement of Revenues, Expenses and Changes in Fund Equity - Budget and Actual (Budget Basis) - Enterprise Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year end encumbrances are treated as expenditures/expenses (budget basis) rather than as a reservation of fund balance for governmental fund types (GAAP basis).
4. Proceeds from and principal payments on short-term note obligations are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. For the proprietary fund, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

**PICKAWAY COUNTY, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 2001**

**NOTE 3 – RECONCILIATION OF BUDGET BASIS TO GAAP BASIS** (Continued)

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

Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses All Governmental Fund Types				
	General	Special Revenue	Debt Service	Capital Projects
Budget Basis	\$120,630	\$(708,840)	\$6,561	\$(331,289)
Increase (Decrease) Due To:				
Revenue Accruals	(88,681)	768,483	0	(57,210)
Expenditure Accruals	(213,824)	(312,495)	0	(15,837)
Advances – In	(18,770)	(18,770)	0	0
Advances – Out	18,770	18,770	0	0
Proceeds of Notes	0	(613,469)	0	0
Inception of Capital Lease	57,550	23,657	0	0
Transfers – In	0	15,875	0	0
Transfers – Out	(15,875)	0	0	0
GAAP Basis	\$(140,200)	\$(826,789)	\$6,561	\$(404,336)

Net Loss/Excess of Revenues Over Expenses Proprietary Fund Type	
	Enterprise
Budget Basis	\$44,456
Increases (Decreases) Due To:	
Revenue Accruals	(728)
Expense Accruals	(6,885)
Depreciation	(9,406)
Note Principal Payments	63,776
Note Proceeds	(61,443)
GAAP Basis	\$29,770

**NOTE 4 - ACCOUNTABILITY AND COMPLIANCE**

**Accountability**

The following funds had deficit fund balances as of December 31, 2001:

Drug Court	\$2
Diversion Program	335
MR/DD	233,110
Community Corrections	19,165

The deficits in the Drug Court, Diversion Program, and Community Corrections Funds are the result of the application of generally accepted accounting principles and the requirement to accrue liabilities when incurred. The General Fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur. These deficits do not exist on the cash basis.



**PICKAWAY COUNTY, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 2001**

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**NOTE 4 - ACCOUNTABILITY AND COMPLIANCE** (Continued)

The deficit balance in the MR/DD Fund is due to the issuance of general obligation notes to finance improvement projects. Once these notes are retired, this deficit will be eliminated.

**Legal Compliance**

The following fund had expenditures plus encumbrances in excess of appropriations at December 31, 2001:

<u>Enterprise Fund</u>	
Countywide Sewer District	
Debt Service - Principal	\$59,776

**NOTE 5 - CHANGES IN ACCOUNTING PRINCIPLES AND PRIOR PERIOD ADJUSTMENTS**

The County has implemented GASB No. 33, "Accounting and Financial Reporting for Nonexchange Transactions" and GASB No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenues."

GASB Statement No. 33 establishes accounting and financial reporting guidelines about when to report the results of nonexchange transactions. GASB Statement No. 36 is a modification to the provisions of GASB Statement No. 33 for certain nonexchange revenues. The implementation of these statements required prior period adjustments to accrue intergovernmental receivables of \$402,327 in the special revenue funds, which increased the fund balance.

The County made an error in the accrual of interfund receivables in the General Fund and interfund payables in the capital projects and enterprise funds. Prior period adjustments were made to decrease interfund receivables in the General Fund and interfund payables in the capital projects and enterprise funds by \$61,348. These adjustments had the effect of increasing fund balance in the General Fund and decreasing fund balance in the capital projects and enterprise funds.

Previously, the County had reported the Family and Children First Fund as a special revenue fund. A prior period adjustment of \$93,721 was made to reclassify this fund to an agency fund, which decreased the fund balance in the special revenue funds and increased the cash and cash equivalents and due to other governments in the agency funds.

The County previously reported a fund balance in the General Fund for the Unclaimed Money Fund. A prior period adjustment was made to reclassify the fund balance of \$75,916 to a liability of the General Fund. The adjustment resulted in an increase in the deposits held and due to others and a decrease in the fund balance.

The County omitted prior capital lease obligations in the General Long-Term Obligations Account Group. The correction of the liability in the amount of \$148,775 resulted in an increase in the amount to be provided from general governmental resources with a corresponding increase in the capital lease obligations.

Adjustments were made to the fixed assets acquired under capital lease agreements, but not previously reported. These adjustments resulted in an increase of \$205,481 in the balance of prior period fixed assets and the investment in general fixed assets balance, respectively.

**PICKAWAY COUNTY, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 2001**

**NOTE 5 – CHANGES IN ACCOUNTING PRINCIPLES AND PRIOR PERIOD ADJUSTMENTS** (Continued)

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Enterprise</u>
Fund Balance/Retained Earnings as Previously Stated at December 31, 2000	\$2,099,838	\$5,291,668	\$473,549	(\$99,276)
Net Adjustment Due to Implementation of GASB Statement No. 33	0	402,327	0	0
Net Adjustment Due to Correction of Interfund Receivable/Payable Accruals	(61,348)	0	51,348	10,000
Net Adjustment Due to Reclassification of Fund	0	(93,721)	0	0
Net Adjustment Due to Reclassification of Fund Balance	(75,916)	0	0	0
Fund Balance/Retained Earnings as Restated at January 1, 2001	<u>\$1,962,574</u>	<u>\$5,600,274</u>	<u>\$524,897</u>	<u>(\$89,276)</u>

	<u>Agency</u>	<u>General Fixed Assets Account Group</u>	<u>General Long-Term Obligations Account Group</u>
Account Balance as Previously Stated at December 31, 2000	\$36,090,715	\$27,796,622	\$4,778,227
Net Adjustment Due to Reclassification of Fund	93,721	0	0
Net Adjustment Due to Correction of Capital Lease Obligation Accruals	0	0	148,775
Net Adjustment Due to Include Capital Assets Leased	0	205,481	0
Account Balance as Restated at January 1, 2001	<u>\$36,184,436</u>	<u>\$28,002,103</u>	<u>\$4,927,002</u>

The implementation of *GASB Statement No. 33* and *GASB Statement No. 36* also resulted in prior period adjustments that did not affect the fund balances. These adjustments affected the prior period intergovernmental receivable and deferred revenue balances by increasing each \$539,329 and \$1,048,314 in the General Fund and special revenue funds, respectively. Adjustments were also made to the agency funds which had the affect of increasing the prior period intergovernmental receivable and due to other governments balances by \$3,520,743.

The County also made a prior period adjustment to reclassify special assessment activity from the capital project funds to the debt service funds which did not affect fund balances. This \$153,127 adjustment affected the prior period special assessments receivable and deferred revenue by increasing each in the debt service funds and decreasing each in the capital project funds.

**PICKAWAY COUNTY, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 2001**

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**NOTE 6 – DEPOSITS AND INVESTMENTS**

**Primary Government**

Policies And Procedures: The County uses GASB Statement No. 31, “Accounting and Financial Reporting for Certain Investments and for External Investment Pools”, and records all its investments at fair value. At December 31, 2001, the County’s fair value exceeded net cost for investments by \$161,873. State Statute classifies moneys held by the County into two categories. Active moneys means an amount of public moneys determined to be necessary to meet current demand upon the County treasury. Active moneys must be maintained either as cash in the County treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

**PICKAWAY COUNTY, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 2001**

**NOTE 6 – 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 will be held to maturity.

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

The amounts available for deposit and investment are as follows:

* Cash and Cash Equivalents: (carrying amounts)	
- Pooled	\$9,740,695
- Segregated	256,266
- Component Units	283,106
* Reconciling Items (Net) to Arrive at Bank Balances of Deposits	653,380
Total Available for Deposit and Investment (Bank Balance of Deposits / Carrying Amount of Investments)	\$10,933,447

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

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

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

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

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

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

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

**PICKAWAY COUNTY, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 2001**

**NOTE 6 – DEPOSITS AND INVESTMENTS** (Continued)

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

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

Based on the criteria, the County deposits and investments at December 31, 2001 are classified as follows:

Deposits:	Category		Bank Balance	Carrying Amount	Fair Value
	1	3			
Demand Deposits	\$484,832	\$105,714	\$590,546	(\$60,714)	
Certificates of Deposits	100,000	0	100,000	100,000	
Component Units	285,226	0	285,226	283,106	
<b>Total Deposits</b>	<b>\$870,058</b>	<b>\$105,714</b>	<b>\$975,772</b>	<b>\$322,392</b>	
<b>Investments:</b>					
U.S. Government Securities	\$0	\$8,718,992	\$0	\$8,718,992	\$8,718,992
STAROhio	0	0	0	1,238,683	1,238,683
<b>Total Investments</b>	<b>\$0</b>	<b>\$8,718,992</b>	<b>\$0</b>	<b>\$9,957,675</b>	<b>\$9,957,675</b>

STAROhio is a non-categorized investment since it is not evidenced by securities that exist in physical book entry form.

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and investments on the combined financial statements and the classifications per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents	Investments
GASB Statement No. 9	\$10,280,067	\$0
<i>Investments:</i>		
U.S. Government Securities	(8,718,992)	8,718,992
Star Ohio	(1,238,683)	1,238,683
GASB Statement No. 3	<u>\$322,392</u>	<u>\$9,957,675</u>

**Component Units:**

**Deposits and Investments**

Cash and cash equivalents held by Brooks-Yates Center Diversified Opportunities, Inc. and the Pickaway County Airport Authority are classified as "Cash and Cash Equivalents in Segregated Accounts."

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

At year end, the carrying amount of Brooks-Yates Center Diversified Opportunities, Inc. deposits was \$88,488 and the bank balance was \$90,608. Of the bank balance, \$63,825 was covered by federal depository insurance, and \$26,783 was covered by the National Credit Union Administration. The difference is due to outstanding checks as of December 31, 2001. There are no statutory guidelines regarding the deposit and investment of funds by the non-profit corporation.

**PICKAWAY COUNTY, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 2001**

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**NOTE 6 – DEPOSITS AND INVESTMENTS** (Continued)

(2) Pickaway County Airport Authority

At year end, the carrying amount of the Pickaway County Airport Authority deposits was \$194,618 and the bank balance was \$194,618. The entire bank balance was covered by federal depository insurance.

**NOTE 7 – PROPERTY TAXES**

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the County. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revalued every six years. The last revaluation was completed in 1999. Real property taxes are payable annually or semiannually. The first payment is due February 22, with the remainder payable by July 20.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due October 11. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by October 11.

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

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

Accrued property taxes receivable represent delinquent taxes outstanding and real, tangible personal, and public utility taxes that were measurable and unpaid as of December 31, 2001. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31 and are not intended to finance 2001 operations. The receivable is therefore offset by a credit to deferred revenue.

**PICKAWAY COUNTY, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 2001**

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**NOTE 7 – PROPERTY TAXES** (Continued)

The full tax rate for all County operations for the year ended December 31, 2001, was \$7.80 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2001 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
<i>Real Estate:</i>	
Agricultural	\$104,693,100
Residential	436,848,950
Commercial	74,709,970
Industrial	30,081,750
Minerals	252,490
Public Utilities	571,880
<i>Personal Property:</i>	
General	116,264,887
Public Utilities	83,351,880
Total Property Taxes	<u>\$846,774,907</u>

**NOTE 8 – PERMISSIVE SALES TAX**

In 1988, in accordance with Sections 5739.02 and 5741.02 of the Revised Code, the County Commissioners, by resolution, imposed a one percent tax on all retail sales, except sales of motor vehicles, made in the County, and on the storage, use, or consumption in the County of tangible personal property, including automobiles. In December 2001, the County Commissioners, by resolution, imposed an additional one-half percent tax on all retail sales, except sales of motor vehicles, made in the County, and on the storage, use, or consumption in the County of tangible personal property, including automobiles. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies to the State Auditor the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month. The State Auditor then has five days in which to draw the warrant payable to the County. Proceeds of the tax were credited to the General Fund and the Capital Improvement Capital Projects Fund. Amounts that have been collected by the State and are to be received within the available period are accrued as revenue. Sales and use tax revenue for 2001 amounted to \$3,455,616 (GAAP Basis).

**NOTE 9 – RECEIVABLES**

Receivables at December 31, 2001, consisted of taxes, special assessments, accounts (billings for user charged services), interest and intergovernmental receivables arising from grants, entitlements and shared revenues. All receivables are considered collectible in full.

**PICKAWAY COUNTY, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 2001**

**NOTE 9 – RECEIVABLES** (Continued)

A summary of the principal items of due from other governments is as follows:

Fund / Type	Amount
<i>General Fund:</i>	
Local Government and Local	
Government Revenue Assistance	\$428,294
Grants and Entitlements	98,233
Jail Confinement Costs – Various Governments	59,027
Municipal Court	4,974
<i>Total General Fund</i>	590,528
 <i>Special Revenue Funds:</i>	
License, Gasoline, and Permissive Taxes	1,315,821
Grants and Entitlements	1,100,738
Municipal Court	2,139
Miscellaneous	49,372
<i>Total Special Revenue Funds</i>	2,468,070
 <i>Agency Funds:</i>	
License, Gasoline, and Permissive Taxes	558,414
Local Government and Local	
Government Revenue Assistance	1,101,325
Library	1,619,193
Grants and Entitlements	1,508,680
Municipal Court	5,207
<i>Total Agency Funds</i>	4,792,819
 <i>Total All Funds</i>	 \$7,851,417

**NOTE 10 – FIXED ASSETS**

A summary of the enterprise fund fixed assets at December 31, 2001, are as follows:

	<u>Enterprise</u>
Land	\$13,964
Sewer Plants and Buildings	376,966
Sewer Lines and Related Assets	50,542
Total Fund Fixed Assets	441,472
Less: Accumulated Depreciation	(352,250)
 Total Fund Fixed Assets (net of accumulated depreciation)	 \$89,222



**PICKAWAY COUNTY, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 2001**

**NOTE 10 – FIXED ASSETS** (Continued)

A summary of the changes in general fixed assets during 2001 is as follows:

Asset Category	Balance at 1/1/01	Additions	Deletions	Adjustments	Balance at 12/31/01
Land	\$902,042	\$0	\$0	\$0	\$902,042
Buildings	17,247,186	0	0	0	17,247,186
Improvements Other Than Buildings	681,891	187,350	0	0	869,241
Machinery and Equipment	5,706,453	358,677	59,632	1,599	6,007,097
Furniture and Fixtures	1,202,114	44,974	2,118	0	1,244,970
Vehicles	2,262,417	206,987	73,907	0	2,395,497
Totals	<u>\$28,002,103</u>	<u>\$797,988</u>	<u>\$135,657</u>	<u>\$1,599</u>	<u>\$28,666,033</u>

At December 31, 2001, fixed assets include \$249,981 of equipment and \$263,842 of vehicles under capitalized leases.

**NOTE 11 – RISK MANAGEMENT**

The County is exposed to various risks of loss related to torts, theft or damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During 2001, the County contracted with County Risk Sharing Authority (CORSA), a jointly governed organization, for liability, property, and crime insurance. The CORSA program has a \$2,500 deductible.

Coverages provided by the program are as follows:

General Liability	\$6,000,000
Public Officials	1,000,000
Law Enforcement	6,000,000
Automobile	6,000,000
Uninsured/Underinsured Motorist	250,000
Faithful Performance and Employee Bond	250,000

The County has significantly increased its coverage for general liability, law enforcement and automobile since the prior year. Settlement amounts on claims have not exceeded insurance coverage in any of the past three years.

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

**PICKAWAY COUNTY, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 2001**

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**NOTE 12- DEFINED BENEFIT RETIREMENT PLANS**

**Public Employees Retirement System**

All Pickaway County full-time employees, other than certified teachers with the Board of Mental Retardation and Developmental Disabilities (MR/DD), participate in the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple-employer defined benefit pension plan administered 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 stand-alone publicly available annual financial report that includes financial statements and required supplemental information. This report may be obtained by writing to Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-PERS (7377).

The Ohio Revised Code provides statutory authority for employee and employer contribution rates. Plan members, other than those engaged by law enforcement, are required to contribute 8.5% of their annual covered salary and for 2001, the County is required to contribute 13.55%. In January 2001, House Bill 416 divided the PERS law enforcement program into two separate divisions with separate employee contribution rates and benefits. The law enforcement classification consisted of sheriffs, deputy sheriffs, and township police with an employee contribution rate of 10.1%. All other members of the PERS law enforcement programs were placed in the new name public safety division and continued to contribute at 9%. The County's required contributions to PERS for the years ending December 31, 2001, 2000, and 1999 were \$1,198,089, \$741,003 and \$980,535, respectively; 88.4% has been contributed for 2001 and 100% for years 2000 and 1999. Of the 2001 amount, \$138,621 was unpaid at December 31, 2001 and is recorded as a liability in the respective funds or in the General Long-Term Obligations Account Group.

**State Teachers Retirement System**

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

Plan members are required to contribute 9.3% of their annual covered salary and the County is required to contribute 14%; 9.5% was the portion allocated to fund pension obligations for fiscal year 2001. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Pickaway County's contributions to STRS for the years ended December 31, 2001, 2000, and 1999 were \$10,202, \$10,850, and \$7,473, respectively. These contributions were equal to the required contributions for each of the years.

Effective July 1, 1991, all employees not otherwise covered by the Public Employees Retirement System or the State Teachers Retirement System have an option to choose social security or the Public Employees Retirement System/State Teachers Retirement System. As of December 31, 2001, none of the elected officials had elected social security.

**PICKAWAY COUNTY, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 2001**

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**NOTE 13 - POSTEMPLOYMENT BENEFITS**

**Public Employees Retirement System**

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

The PERS law enforcement program was separated into two divisions, law enforcement and public safety, with separate employee contribution rates and benefits. For local government employer units the rate was 13.55% of covered payroll; 4.30% was the portion used to fund health care for the year. The 2001 employer rate was 16.70% and 4.30% was used to fund health care for both the law enforcement and public safety divisions.

The assumptions and calculations below were based on the System's latest Actuarial Review performed as of December 31, 2000. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2000 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 5.1%. Health care costs were assumed to increase 4.75% annually.

OPEB are advance-funded on an actuarially determined basis. As of December 31, 2000, the number of active contributing participants was 411,076. The County contributions actually made to fund postemployment benefits during fiscal year 2001 were \$490,352. The actuarial value of the Retirement System's net assets available for OPEB at December 31, 2000 was \$11,735.9 million. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$14,364.6 million and \$2,628.7 million, respectively.

**State Teachers Retirement System**

The State Teachers Retirement System provides comprehensive health care benefits to retired teachers and their dependents. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The State Teachers Retirement System is funded on a pay-as-you-go basis. All STRS benefit recipients and sponsored dependents are eligible for health care coverage. 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 costs in the form of a monthly premium. The Ohio Revised Code grants authority to STRS to provide health care coverage to benefit recipients, spouses, and dependents. By Ohio law, the cost of the coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. For the fiscal year ended June 30, 2001, the Board allocated employer contributions equal to 4.5% of the covered payroll to the Health Care Reserve Fund from which payments for health care benefits are paid. For the County, this amount equaled \$4,832 during the 2001 fiscal year. The balance in the Health Care Reserve Fund was \$3.256 billion on June 30, 2001. For the fiscal year ended June 30, 2001, net health care costs paid by STRS were \$300,772,000. There were 102,132 eligible benefit recipients.

**PICKAWAY COUNTY, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 2001**

**NOTE 14 – LONG-TERM DEBT**

The County's long-term obligations at year end consisted of the following:

	Issue Date	Interest Rate	Outstanding at 1/1/01	Increases	Decreases	Outstanding at 12/31/01
<i>General Long-Term Obligations</i>						
Energy Conservation Notes	1995	4.2-5.3%	\$435,000	\$0	\$80,000	\$355,000
Voting Equipment Acquisition Notes	1995	6.75%	234,750	0	39,125	195,625
Jail Window Replacement Notes	1999	5.15%	145,263	0	38,903	106,360
MR/DD Capital Improvement Notes	2000	Variable Rate	641,919	0	17,836	624,083
MR/DD Improvement Notes	2001	Variable Rate	0	90,000	0	90,000
<i>Total Notes Payable</i>			<u>1,456,932</u>	<u>90,000</u>	<u>175,864</u>	<u>1,371,068</u>
Northwood Park Sanitary Sewer Improvement Bonds	1999	6.00%	153,000	0	5,000	148,000
<i>Total Special Assessment Bonds Payable</i>			<u>153,000</u>	<u>0</u>	<u>5,000</u>	<u>148,000</u>
Administrative Complex Refunding Bonds	1991	5.75-6.75%	300,000	0	140,000	160,000
Jail Construction Bonds	1991	5.75-6.75%	1,490,000	0	720,000	770,000
MR/DD Facilities Improvement Bonds	1994	5.75%	49,756	0	8,956	40,800
Downtown Annex Bonds	1994	6.00%	235,000	0	55,000	180,000
<i>Total General Obligation Bonds Payable</i>			<u>2,074,756</u>	<u>0</u>	<u>923,956</u>	<u>1,150,800</u>
Compensated Absences			946,974	0	19,521	927,453
Capital Leases			295,340	81,207	125,667	250,880
<b>Total General Long-Term Obligations</b>			<u><u>\$4,927,002</u></u>	<u><u>\$171,207</u></u>	<u><u>\$1,250,008</u></u>	<u><u>\$3,848,201</u></u>

During 2001 the County issued long-term notes in the amount of \$90,000 to finance capital improvements for MR/DD facilities. These notes will be repaid through the special revenue funds. The Northwood Park Sanitary Sewer Improvement Bonds will be repaid through the collection of special assessments on the benefiting property owners in the debt service funds. All general obligation bonds, the Energy Conservation Notes, Voting Equipment Acquisition Notes, and Jail Window Replacement Notes will also be repaid through the debt service funds. The compensated absences liability will be paid from the fund from which the employees are paid. Additions and deletions of accrued vacation and sick leave are shown net since it is impractical for the County to determine these amounts separately. The capital leases will be repaid through the General Fund and special revenue funds.

**PICKAWAY COUNTY, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 2001**

**NOTE 14 – LONG-TERM DEBT** (Continued)

The MR/DD Facilities Improvement Bonds of \$40,800, the MR/DD Capital Improvement Notes of \$624,083 and the MR/DD Improvement Notes of \$90,000 are reflected in the General Long-Term Obligations Account Group because the County is legally obligated to pay for these bonds and notes. However, Brooks-Yates Center Diversified Opportunities, Inc. (the Center), one of the discretely presented component units, also reflects these amounts as liabilities to the County (due to primary government), because the Center used the debt to make leasehold improvements to the facilities and are paying the debt principal and interest requirements to the County. The County then makes the debt service payments.

The following is a summary of the County's future principal and interest requirements for general long-term debt obligations, including \$557,708 of interest:

	Energy Conservation Notes	Voting Equipment Acquisition Notes	Jail Window Replacement Notes	MR/DD Capital Improvement Notes	Northwood Park Sanitary Sewer Improvement Bonds
2002	\$103,430	\$50,129	\$45,889	\$54,000	\$13,880
2003	99,138	47,928	45,888	54,000	13,580
2004	99,760	45,727	22,944	54,000	13,280
2005	100,034	43,527	0	54,000	13,980
2006	0	41,326	0	54,000	13,620
2007-2011	0	0	0	270,000	68,280
2012-2016	0	0	0	270,000	68,920
2017-2019	0	0	0	94,929	40,440
Totals	<u>\$402,362</u>	<u>\$228,637</u>	<u>\$114,721</u>	<u>\$904,929</u>	<u>\$245,980</u>

	Complex Refunding Bonds	Jail Construction Bonds	MR/DD Facilities Improvement Bonds	Downtown Annex Bonds	Total
2002	\$170,800	\$821,975	\$11,314	\$65,350	\$1,336,767
2003	0	0	11,791	67,188	339,513
2004	0	0	12,211	68,738	316,660
2005	0	0	11,580	0	223,121
2006	0	0	0	0	108,946
2007-2011	0	0	0	0	338,280
2012-2016	0	0	0	0	338,920
2017-2019	0	0	0	0	135,369
Totals	<u>\$170,800</u>	<u>\$821,975</u>	<u>\$46,896</u>	<u>\$201,276</u>	<u>\$3,137,576</u>

A schedule of principal and interest requirements for the \$90,000 MR/DD Improvement Notes is not included above. The County is eligible to draw \$200,000 on the notes and a schedule cannot be determined until the final amount is known. The County is only making interest payments at this time.

**PICKAWAY COUNTY, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 2001**

**NOTE 15 - NOTES PAYABLE**

A summary of the note transactions for the year ended December 31, 2001 follows:

Fund Type/Fund	Outstanding at 1/1/01	Issued	Retired	Outstanding at 12/31/01
<i>Special Revenue Funds:</i>				
Trucks Note - 5.75%	\$12,418	\$0	\$12,418	\$0
Hydraulic Scope Boom Note - 6.0%	19,327	0	19,327	0
Total Motor Vehicle Gas Tax Fund	31,745	0	31,745	0
MR/DD Note - 6.0%	46,000	0	46,000	0
MR/DD Note - 5.15%	200,000	0	200,000	0
MR/DD Note - 4.73%	0	450,000	0	450,000
MR/DD Note - 5.15%	0	163,469	86,317	77,152
Total MR/DD Fund	246,000	613,469	332,317	527,152
<i>Total Special Revenue Funds</i>	277,745	613,469	364,062	527,152
<i>Enterprise Fund:</i>				
Clark's Lake - 6.00%	57,832	56,666	57,832	56,666
Circle Hills - 6.00%	5,944	4,777	5,944	4,777
Total Pickaway County Sewer Fund	63,776	61,443	63,776	61,443
<b>Total All Funds</b>	<b>\$341,521</b>	<b>\$674,912</b>	<b>\$427,838</b>	<b>\$588,595</b>

The full faith and credit of Pickaway County back all notes. The note liability is reflected in the fund that received the proceeds and will be retired from the fund that received the note proceeds. The note liability for the MR/DD notes is reflected in the County's financial statements because the County is legally obligated for these notes; however, the Brooks-Yates Center Diversified Opportunities, Inc. also reflects these amounts as liabilities to the County (due to primary government), as it is their responsibility to pay off the debt. Those notes pertaining to the enterprise funds will be paid from enterprise fund revenues.

**NOTE 16- CAPITALIZED LEASES - LESSEE DISCLOSURE**

The County has entered into agreements to lease equipment and other assets. Such agreements are, in substance, lease purchases and are reflected as capital lease obligations in the combined financial statements. Capital lease payments are reflected as debt service in the combined financial statements for the governmental funds. New leases are, in substance, capital purchases and are reflected as current expenditures and proceeds from capital leases in the general purpose financial statements. The capital lease obligations reflected above as part of the General Long-Term Obligations Account Group represent the present value of the net future minimum lease payments on all capital leases.

**PICKAWAY COUNTY, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 2001**

**NOTE 16 - CAPITALIZED LEASES - LESSEE DISCLOSURE** (Continued)

The following is a schedule of the future minimum lease payments under lease obligations which have been capitalized as of December 31, 2001.

Year Ending December 31	General Long-Term Obligations
2002	\$142,671
2003	56,502
2004	49,258
2005	30,311
2006	<u>904</u>
Total Minimum Lease Payments	279,646
Less: Amount Representing Interest	<u>(28,766)</u>
Present Value of Minimum Lease Payments	<u>\$250,880</u>

**NOTE 17 - INTERFUND TRANSACTIONS**

Interfund balances at December 31, 2001, consist of the following individual fund receivables and payables:

<u>Fund Type/Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
<i>General Fund</i>	\$244,387	\$0
<i>Special Revenue Funds:</i>		
Auto License & Gas Tax	23	0
Special Children Services	0	4,617
Child Support Enforcement Agency	10,143	7,467
Probate	20	0
Probate Court Computer	611	0
Special Marriage License	1,044	0
Indigent Guardianship	60	0
Juvenile Court Computer	591	0
Felony Delinquent Care	2,106	0
Clerk of Courts Computer	700	0
Certificate of Title Administration	13,818	0
Common Pleas Court Computer	168	0
MR/DD	0	0
Juvenile Family Stability	66,461	0
Jail Commissary	<u>0</u>	<u>5,000</u>
Total Special Revenue Funds	95,745	17,084
<i>Agency Funds:</i>		
Family and Children First Council	0	66,461
Agency Tax	0	214,147
Sheriff Agency	0	3,355
Court Agency	0	28,942
Alimony and Child Support	<u>0</u>	<u>10,143</u>
Total Agency Funds	<u>0</u>	<u>323,048</u>
Total All Funds	<u>\$340,132</u>	<u>\$340,132</u>

**PICKAWAY COUNTY, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 2001**

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

A. Measurement Focus and Basis of Accounting

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

B. Budgetary Basis of Accounting

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

C. Fixed Assets

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

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

<u>Category</u>	<u>Estimated Life</u>
Buildings	40 years
Leasehold Improvements	39 years
Machinery and Equipment	5-7 years

D. Due to Primary Government

At year end, Brooks-Yates Center Diversified Opportunities, Inc. amount for due to primary government was \$1,282,035. The County issued bonds and notes on behalf of Brooks-Yates Center Diversified Opportunities, Inc. (the Center). The Center's due to primary government consisted of: MR/DD Capital Improvement Notes of \$624,083, MR/DD Improvement Notes of \$90,000, MR/DD Facilities Improvement Bonds of \$40,800 and MR/DD Notes of \$450,000 and \$77,152.

E. Notes Payable

Brooks-Yates Center Diversified Opportunities, Inc. issued \$28,226 in new notes during 1998 for the purchase of a new truck. The remaining balance on these notes as of December 31, 2001 was \$7,797.

F. Segment Information

Net working capital deficit for Brooks-Yates Center Diversified Opportunities, Inc. as of December 31, 2001 was (\$10,544). Other segment information can be obtained in the general purpose financial statements.



**PICKAWAY COUNTY, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 2001**

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**NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS**

**Berger Hospital**

Berger Hospital is a jointly governed organization that provides diversified health care services to the community. The hospital is governed by a 9 member board: Pickaway County Commissioners appoint 4 members of the board, the City of Circleville appoints 4 members of the board and the final board member is the City of Circleville's Mayor. The Mayor is the President of the Board but does not have voting privileges unless there is a tie. The City of Circleville holds legal title to the Hospital. The degree of control exercised by the County is limited to its representation on the Board. Pickaway County does not have an ongoing financial interest in or an ongoing financial responsibility for the Hospital. During 2001, the County did not make any contributions to the Hospital. Complete financial statements can be obtained from the Berger Hospital, 600 N. Pickaway, Circleville, Ohio, 43113.

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

The Paint Valley Mental Health Alcohol and Drug Addiction Board serves Pike, Fayette, Highland, Pickaway and Ross Counties and is a jointly governed organization that is responsible for developing, coordinating, modernizing, funding, monitoring and evaluating a community-based mental health and substance abuse program. The Board consists of eighteen members. The Director of the Ohio Department of Mental Health appoints four members and the Director of the Ohio Department of Alcohol and Drug Addiction Services appoints four members. The remaining members are appointed by the County Commissioners of Pike, Fayette, Highland, Pickaway, and Ross Counties in the same proportion as each County's population bears to the total population of the five counties combined. The Board receives revenue from the participating counties and receives federal and state funding through grant monies that are applied for and received by the Board of Trustees. Pickaway County cannot significantly influence operations of the Board, who has sole budgetary authority and controls surpluses and deficits. Pickaway County has no ongoing financial interest or responsibility. During 2001, Pickaway County contributed \$538,344 to the program.

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

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

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

**PICKAWAY COUNTY, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 2001**

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

**County Risk Sharing Authority (CORSA)**

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

Each member County has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the Corporation are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the board of trustees. CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payment of the certificates. The County does not have an equity interest in CORSA. The County's payment for insurance to CORSA in 2001 was \$176,502.

**Southern Ohio Council of Governments**

The County is a member of the Southern Ohio Council of Governments, which is a jointly governed organization created under the Ohio Revised Code Section 167.01. The governing body consists of a thirteen member board with each participating County represented by its Director of its Board of Mental Retardation and Development Disabilities. Member counties include: Adams, Athens, Brown, Fayette, Gallia, Highland, Jackson, Lawrence, Pickaway, Pike, Ross, Scioto and Vinton Counties. During 2001, the County contributed \$34,505 to this organization. Financial statements can be obtained from the Southern Ohio Council of Governments, 43 N. Paint St., Chillicothe, Ohio, 45601.

**NOTE 20 - RELATED ORGANIZATIONS**

**Pickaway County Library**

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

**NOTE 21 - RELATED PARTY TRANSACTION**

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

Brooks-Yates Center Diversified Opportunities, Inc. a discretely presented component unit of Pickaway County, received contributions from the County for facilities, certain equipment, transportation and salaries for administration, implementation and supervision of its program. These contributions are reflected as operating revenues and operating expenses at cost or fair market value as applicable, in the general purpose financial statements. In 2001, these contributions were \$58,684.

**PICKAWAY COUNTY, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 2001**

**NOTE 22 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The County maintains one enterprise fund which is intended to be self-supporting through user fees charged for services provided to consumers for sewage services. The discretely presented component unit, Brooks-Yates Center Diversified Opportunities, Inc. is excluded because it is presented individually in the general purpose financial statements. Financial segment information as of and for the year ended December 31, 2001, is as follows:

	Pickaway County Sewer Fund
Operating Revenues	\$121,887
Operating Expenses Before Depreciation	96,495
Depreciation Expense	9,406
Operating Income	15,986
<i>Nonoperating Revenues (Expenses):</i>	
Tap – In Fees	1,000
Special Assessments	16,340
Interest and Fiscal Charges	(3,556)
Net Income	29,770
Net Working Capital	97,173
Total Assets	263,509
Notes Payable	61,443
Total Fund Equity	186,395
Encumbrances Outstanding at December 31, 2001	\$0

**NOTE 23 - 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.

The County had several pending litigation cases at December 31, 2001. Management believes that the financial impact on the general purpose financial statements, if any, would not be significant.

**PICKAWAY COUNTY**  
**Schedule of Federal Awards Expenditures**  
**For the Year Ended December 31, 2001**

Federal Grantor / Pass through Grantor / Program Title	Pass through Entity Number	Federal CFDA Number	Expenditures
<b>U.S. Department of Agriculture - Nutrition Cluster</b>			
<i>Passed through Ohio Department of Education</i>			
National School Breakfast Program	66191-3-PU-00	10.553	\$2,960
National School Lunch Program	66191-03-PU-00	10.555	\$5,227
<b>Total U.S. Department of Agriculture</b>			<u>\$8,187</u>
<b>U.S. Department of Housing and Urban Development</b>			
<i>Passed through Ohio Department of Development</i>			
HOME Investment Partnerships Program	B-C-99-060-02	14.239	165,938
HOME Investment Partnerships Program	B-C-01-060-02	14.239	20,480
Community Development Block Grants/State's Program	B-F-99-060-1	14.228	123,052
Community Development Block Grants/State's Program	B-F-00-060-1	14.228	55,800
Community Development Block Grants/State's Program	B-C-01-060-1	14.228	28,250
<b>Total U.S. Department of Housing and Urban Development</b>			<u>393,520</u>
<b>U.S. Department of Justice</b>			
<i>Passed Through State of Ohio Office of Attorney General</i>			
Crime Victims Assistance	2002VAGENE501	16.575	21,594
Crime Victims Assistance	98VADOME95	16.575	42,715
Crime Victims Assistance	2001VADOME095X	16.575	10,754
<i>Total Passed Through State of Ohio Office of Attorney General</i>			<u>75,063</u>
<i>Passed through Ohio Office of Criminal Justice Services</i>			
Juvenile Accountability Incentive Block Grants	83-65-0000-0	16.523	2,718
<b>Total U.S. Department of Justice</b>			<u>77,781</u>
<b>U.S. Department of Transportation</b>			
<i>Passed through Ohio Department of Transportation</i>			
Highway Planning and Construction	01N068	20.505	773,230
<b>U.S. Department of Education</b>			
<i>Passed through Ohio Department of Education</i>			
Special Education Pre-School Grant	066191-PG-S1-02P	84.173	3,837
Innovative Education Program Strategies	066191-C2-S1-02	84.298	301
Innovative Education Program Strategies	066191-C2-S1-01	84.298	768
<b>Total U.S. Department of Education</b>			<u>4,906</u>
<b>U.S. Department of Health and Human Services</b>			
<i>Passed Through Ohio Department of Health and Human Services</i>			
Special Education - Grants for Infants and Families with Disabilities	FFY2001	84.181	54,564
<i>Passed Through Ohio Department of Mental Retardation and Developmental Disabilities</i>			
Medical Assistance Program Title XIX Cluster		93.778	235,659
Title XX	SFY2001	93.667	25,041
Title XX	SFY2002	93.667	8,971
<i>Total Passed Through Ohio Department of Mental Retardation and Developmental Disabilities</i>			<u>269,671</u>
<i>Passed Through Ohio Department of Jobs and Family Services</i>			
Early Start		93.600	189,980
<b>Total U.S. Department of Health and Human Services</b>			<u>514,215</u>
<b>U.S. Department of Corporation for National and Community Service</b>			
<i>Passed Through Ohio Department of Youth Services</i>			
AmeriCorps	YCP-025-01	94.006	4,704
<b>U.S. Department of Labor</b>			
<i>Passed Through Ohio Department of Jobs and Family Services</i>			
Workforce Investment Act	(N/A)	17.255	181,368
<b>Total Federal Awards Expenditures</b>			<u>\$1,957,911</u>

**FINANCIAL CONDITION  
PIACKAWAY COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES**

**NOTES A – SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B – MATCHING REQUIREMENTS**

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

**NOTE C – SUBRECIPIENTS**

The County passes through certain Federal Assistance received from the State of Ohio of Criminal Justice Services to not for profit agencies (subrecipients). As described in Note A, the County records expenditures of Federal Awards to subrecipients when paid in cash.

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STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

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

We have audited the general-purpose financial statements of Pickaway County, Ohio (the County) as of and for the year ended December 31, 2001, and have issued our report thereon dated June 24, 2002, wherein we noted the County adopted *Governmental Accounting Standards Board Statements 33 and 36*. We did not audit the financial statements of the Brooks-Yates Center for Diversified Opportunities, Inc, the enterprise fund discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the component unit, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether County's general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance that is required to be reported under *Government Auditing Standards*. However, we noted other instances of noncompliance that we have reported to management of the County in a separate letter dated June 24, 2002.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the County in a separate letter dated June 24, 2002.

Pickaway County  
Report on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, sweeping initial "J" and a long, horizontal stroke extending to the right.

**JIM PETRO**  
Auditor of State

June 24, 2002





STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Board of County Commissioners  
Pickaway County Court House  
207 S. Court Street  
Circleville, Ohio 43113

To the Board of Commissioners:

**Compliance**

We have audited the compliance of Pickaway County, Ohio ( the County) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2001. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, Pickaway 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, 2001. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings as item number 2001-60665-001.

**Internal Control Over Compliance**

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

Board of County Commissioners  
Pickaway County  
Report on Compliance With Requirements Applicable to Each Major  
Federal Program, Internal Control Over Compliance In Accordance With  
*OMB Circular A-133*  
Page 2

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

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

A handwritten signature in black ink, appearing to read "Jim Petro", with a stylized flourish at the end.

**JIM PETRO**  
Auditor of State

June 24, 2002

**FINANCIAL CONDITION  
PICKAWAY COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
DECEMBER 31, 2001**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>		
<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	Yes
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA # 20.205 Highway Planning & Construction  CFDA # 93.778 Medical Assistance Program – Title XIX
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

**FINANCIAL CONDITION  
PICKAWAY COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
DECEMBER 31, 2001  
(Continued)**

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

None

**3. FINDING FOR FEDERAL AWARDS**

**1. Procurement, Suspension, and Debarment**

<b>Finding Number</b>	2001-60665-001
<b>CFDA Title and Number</b>	CFDA# 20.505
<b>Federal Award Number / Year</b>	01N068
<b>Federal Agency</b>	U.S. Department of Transportations
<b>Pass-Through Agency</b>	Ohio Department of Transportations

"24 CFR 92.502 and Section (A)(3)(f) of the Ohio Department of Development Office of Housing and Community Partnership's Management Rules and Regulations Handbook requires non-federal entities to prohibit from contracting with or making sub awards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred.

The grant agreement dated March 31, 1999 by and between the State of Ohio, Director of Transportation of the State of Ohio and the Pickaway County Commissioners, attachment two, section XI requires participating contractors to certify their eligibility and their status in relation to debarment and suspension.

The County has not developed procedures to ensure contacts are not awarded to debarred or suspended contractors. There was no evidence to suggest the contractors signed any certification of their status regarding suspension or debarment from federal contracts.

We recommend the County incorporate language within the contracts in which the contractor certified they were not suspended or debarred from participating in federal contracts.

**FINANCIAL CONDITION  
PICKAWAY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 §.315 (b)  
FISCAL YEAR END**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i></b>
2000-60665-001	The County did not review payment submitted by Health Care Billing Services to the billing to providers-Completeness	Corrected	

**FINANCIAL CONDITION  
PICKAWAY COUNTY**

**CORRECTIVE ACTION PLAN  
OMB CIRCULAR A -133 §.315 (c)  
DECEMBER 31, 2001**

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2001-60665-001	The County will have all contractors certify in writing their eligibility under the provision noting they are not debarred or suspended.	Immediate Action	Pickaway County Commissioners



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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## FINANCIAL CONDITION

### PICKAWAY COUNTY

#### CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
JULY 11, 2002