



**Auditor of State  
Betty Montgomery**



**PERRY COUNTY**  
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PERRY COUNTY

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Perry County  
105 North Main Street  
New Lexington, Ohio 43764

To the Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Perry County, Ohio (the County), as of and for the year ended December 31, 2004, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of PERCO Inc., the discretely presented component unit. Other auditors audited those financial statements. They have furnished their report thereon to us and we base our opinion, insofar as it relates to the amounts included for PERCO Inc. on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinions.

Ohio Administrative Code § 117-2-03(B) requires the County to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 2, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive basis other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

GAAP requires budgetary statements to be presented in accordance with the budgetary basis of accounting used by the County, and that such budgetary basis in Ohio requires that encumbrances, reported by the County, to be based on accurate estimates of outstanding valid purchase commitments at year end. It was not practical for us to determine those amounts which should have been reported as beginning carryover appropriations and as actual disbursements on the aforementioned statements.

In our opinion, except for any adjustments, if any, which would have been necessary had we been able to verify valid purchase commitments reported as beginning carryover appropriations and as actual disbursements, as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Perry County, Ohio, as of December 31, 2004, and the respective changes in modified cash financial position and the respective budgetary comparisons for the General Fund, Job and Family Services Fund and Auto License and Gasoline Tax Fund thereof for the year then ended in conformity with the accounting basis Note 2 describes.

For the year ended December 31, 2004, the County revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2005, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. It does not opine on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the County's basic financial statements. The Schedule of Federal Awards Expenditures (the Schedule) is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. We subjected the Schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



**Betty Montgomery**  
Auditor of State

December 23, 2005

**Perry County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2004*  
*Unaudited*

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The discussion and analysis of Perry County's financial performance provides an overview of the County's financial activities for the year ended December 31, 2004. The intent of this discussion and analysis is to look at the County's financial performance as a whole. Readers should also review the basic financial statements to enhance their understanding of the County's financial performance.

### **Financial Highlights**

Key financial highlights for 2004 are as follows:

- Net cash assets of governmental activities increased \$1,533,800. Net cash assets of the business-type activities increased \$400,596,
- At the end of the current year, the County's governmental funds reported a combined ending fund balance of \$7,527,948, an increase of \$1,405,348 from the prior year.

### **Using This Annual Financial Report**

This discussion and analysis is intended to serve as an introduction to Perry County's Modified Cash Financial Statements. Perry County's financial statements are comprised of three components: 1)government-wide financial statements, 2)fund financial statements, and 3)notes to the financial statements.

### **Government-Wide Financial Statements**

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

The *Statement of Net Assets - Modified Cash Basis* presents information on the County's modified cash assets.

The *Statement of Activities – Modified Cash Basis* presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs.

Both of the government-wide financial statements identify functions of Perry County that are principally supported by taxes and intergovernmental receipts (governmental activities).

In the Statement of Net Assets and the Statement of Activities, the County is divided into two kinds of activities:

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

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

*Component Units* - The County's financial statements include financial data of Perco, Inc. The component unit is described in the notes to the financial statements. Component units are separate legal entities which may buy, sell, lease, and mortgage property in their own name and sue or be sued in their own name.

**Perry County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2004*  
*Unaudited*

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***Fund Financial Statements***

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds. Fund financial statements provide detailed information about the County's major funds. Based on the restriction on the use of moneys, the County has established many funds that account for the multitude of services provided to our residents. The County's major governmental funds are the General Fund and the Job and Family Services and the Auto License and Gasoline Tax Special Revenue Funds.

*Governmental Funds* - Governmental funds are used to account for essentially the same functions reported as governmental activities on the government-wide financial statements. Most of the County's basic services are reported in these funds that focus on how money flows into and out of the funds and the year end balances available for spending.

The County maintains a multitude of individual governmental funds. Information is presented separately on the governmental fund *Statement of Receipts, Disbursements and Changes in Cash Basis Fund Balance* for the major funds, which were identified earlier. Data from the other governmental funds are combined into a single, aggregated presentation.

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

*Fiduciary Funds* - Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected on the government-wide financial statements because the resources from those funds are not available to support the County's programs.

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

**Government-Wide Financial Analysis**

This is the first year that Perry County has chosen to report on an *Other Comprehensive Basis of Accounting* in a format similar to that required by Governmental Accounting Standards Board Statement No. 34. This statement requires a comparative analysis of government-wide data in the Management's Discussion and Analysis (MD&A) section. Since this is the first year of implementing the new standard, comparative data is not available. In future years, comparative data will be presented.



**Perry County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2004*  
*Unaudited*

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(Table 1)  
Perry County's Net Assets - Modified Cash Basis

	Governmental Activities <u>2004</u>	Business-Type Activities <u>2004</u>	Total <u>2004</u>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$6,940,917	\$882,145	\$7,823,062
Cash in Segregated Accounts	49,525	0	49,525
Investments	760,187	0	760,187
<i>Totals Assets</i>	<u>7,750,629</u>	<u>882,145</u>	<u>8,632,774</u>
<b>Net Assets</b>			
Restricted for:			
Capital Projects	354,870	0	354,870
Debt Service	4,092	0	4,092
Other Purposes	5,935,230	0	5,935,230
Unclaimed Monies	91,854	0	91,854
Unrestricted	1,364,583	882,145	2,246,728
<i>Total Net Assets</i>	<u>\$7,750,629</u>	<u>\$882,145</u>	<u>\$8,632,774</u>

A portion of the County's net assets, \$6,386,046 or 74 percent, represents resources that are subject to restrictions on how they can be used. The remaining balance of unrestricted assets, \$2,246,728, or 26 percent, is to be used to meet the County's ongoing obligations to citizens and creditors.

Table 2 shows the changes in net assets for 2004.

**Perry County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2004*  
*Unaudited*

Table 2  
Changes in Net Assets

	Governmental	Business-Type	Total
	Activities	Activities	
	2004	2004	2004
<b>Receipts</b>			
Program Receipts			
Charges for Services	\$2,770,090	\$960,477	\$3,730,567
Operating Grants, Contributions, and Interest	15,653,108	0	15,653,108
Capital Grants, Contributions, and Interest	845,732	0	845,732
<i>Total Program Receipts</i>	<u>19,268,930</u>	<u>960,477</u>	<u>20,229,407</u>
General Receipts and Transfers			
Property Taxes	4,386,851	0	4,386,851
Conveyance Fees	270,363	0	270,363
Permissive Sales Taxes	1,667,327	0	1,667,327
Intergovernmental	756,217	0	756,217
Interest	76,129	0	76,129
Payment in Lieu of Taxes	91,989	0	91,989
Note Proceeds	0	1,481,694	1,481,694
Capital Contributions		31,751	31,751
Miscellaneous	1,033,696	206,951	1,240,647
<i>Total General Receipts</i>	<u>8,282,572</u>	<u>1,720,396</u>	<u>10,002,968</u>
<i>Total Receipts</i>	<u>27,551,502</u>	<u>2,680,873</u>	<u>30,232,375</u>
<b>Program Disbursements</b>			
General Government:			
Legislative and Executive	2,573,401	0	2,573,401
Judicial	1,180,872	0	1,180,872
Public Safety	3,713,707	0	3,713,707
Public Works	3,574,301	0	3,574,301
Health	2,937,452	0	2,937,452
Human Services	10,226,790	0	10,226,790
Conservation and Recreation	260,518	0	260,518
Capital Outlay	245,238	0	245,238
Miscellaneous	758,056	0	758,056
Debt Service			
Principal	333,166	0	333,166
Interest and Fiscal Charges	214,201	0	214,201
Water		1,667,647	1,667,647
Sewer		612,630	612,630
<i>Total Disbursements</i>	<u>26,017,702</u>	<u>2,280,277</u>	<u>28,297,979</u>
<i>Increase in Net Assets</i>	<u>\$1,533,800</u>	<u>\$400,596</u>	<u>\$1,934,396</u>

Operating grants were the largest program receipts, accounting for \$15,653,108 or 57 percent of total governmental activities receipts. The major recipients of intergovernmental program receipts were the Job and Family Services, Auto License and Gasoline Tax, Mental Health, and Mental Retardation and Developmental Disabilities governmental programs.

**Perry County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2004*  
*Unaudited*

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Property tax receipts account for \$4,386,851 or 16 percent of total governmental activities receipts. Another major component of general governmental receipts was permissive sales taxes, which accounted for \$1,667,327 or 6 percent of total receipts.

The County's direct charges to users of governmental services made up \$2,770,090 or 10 percent of total governmental receipts. These charges are for fees associated with the collection of property taxes, fines and forfeitures related to judicial activity, and licenses and permits.

Human services programs accounted for \$10,226,790, or 39 percent of total disbursements for governmental activities. Other major program disbursements for governmental activities include public safety programs, which accounted for \$3,713,707, or 14 percent of total disbursements.

**Business-Type Activities**

The net assets for business-type activities increased by \$400,596 during 2004. Charges for services were the only program revenue, accounting for \$960,477 or 36 percent of receipts.

Table 3, for governmental activities, indicates the total cost of services and the net cost of services for 2004. The statement of activities reflects the cost of program services and the charges for services, and sales, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax receipts and unrestricted intergovernmental receipts.

Table 3  
 Governmental Activities

	Total Cost of Services	Net Cost of Services
	2004	2004
General Government:		
Legislative and Executive	\$2,573,401	\$1,320,440
Judicial	1,180,872	608,522
Public Safety	3,713,707	944,318
Public Works	3,574,301	(472,892)
Health	2,937,452	1,508,699
Human Services	10,226,790	2,101,004
Conservation and Recreation	260,518	260,518
Capital Outlay	245,238	(600,494)
Miscellaneous	758,056	531,290
Principal Retirement	333,166	333,166
Interest and Fiscal Charges	214,201	214,201
Total Expenses	\$26,017,702	\$6,748,772

Charges for services, operating grants, and capital grants of \$19,268,930, or 74 percent of the total costs of services, are received and used to fund the general government disbursements of the County. The remaining \$6,748,772 in general government disbursements is funded by property taxes, permissive sales taxes, intergovernmental receipts, interest, and miscellaneous receipts.

The \$2,101,004 and \$1,508,699 in net cost of services for Human Services and Health demonstrate the costs of services that are not supported from state and federal resources.

**Perry County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2004*  
*Unaudited*

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**Financial Analysis of County Funds**

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

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

As of December 31, 2004, the County's governmental funds reported a combined ending fund balance of \$7,527,948, an increase of \$1,405,348 in comparison with the prior year. \$6,147,317, or 82 percent of this total, constitutes unreserved undesignated fund balance. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior year (\$1,288,777) or because it must remain on hand for a period of five years (\$91,854). While the bulk of the governmental fund balances are not reserved in the governmental fund statements, they lead to restricted net assets on the Statement of Net Assets due to expenditure restrictions mandated by the source of the resource, such as the state or federal government.

The General Fund is the primary operating fund of the County. At the end of 2004, unreserved fund balance was \$1,021,114, while total fund balance was \$1,234,177. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund disbursements. Unreserved fund balance represents 21 percent of total General Fund disbursements, while total fund balance represents 25 percent of that same amount.

The fund balance of the County's General Fund increased by \$338,587 during 2004. The primary cause of increase was a significant increase in receipts coupled with a decrease in disbursements.

At the end of 2004, the Job and Family Services Special Revenue Fund had a fund balance of \$215,367, in comparison to a fund balance of \$257,917 at the end of 2003. This minimal change is primarily due to increased disbursements from the prior year.

At the end of 2004, the Auto License and Gasoline Tax Special Revenue Fund had a fund balance of \$1,709,607, in comparison to a fund balance of \$991,948 at the end of 2003. This increase is primarily due to increased receipts in 2004 coupled with lower disbursements.

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

As of December 31, 2004, unrestricted net assets for the County's enterprise funds were \$882,145.

As of December 31, 2004, unrestricted net assets in the self-insurance program were \$222,681. After a change in the management of the self-insurance fund, the County has been working toward a goal of reaching and maintaining a substantial reserve. Presently, this insurance fund is fiscally strong with liquid reserves representing over thirty-five percent of the total annual claim activity. Combined premiums and reserves exceed annual claims by nearly one million dollars.

**Perry County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2004*  
*Unaudited*

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**Budgetary Highlights**

The County's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Board of County Commissioners adopts a permanent annual operating budget for the County on or about January 1.

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

**Capital Assets and Debt Administration**

*Capital Assets* - The County does not track their capital assets and no information relating to capital assets is being presented.

*Long-Term Obligations* - As of December 31, 2004, the County had total general obligation bonded debt outstanding of \$4,184,358. The majority of this bonded debt is \$4,085,000 in the remodeling of the Jobs and Family Services building. All of the bonded debt is expected to be repaid through governmental activities.

In addition to the bonded indebtedness, the County has a number of outstanding loans with government agencies in regards to water and sewer activities. The total principal outstanding as of December 31, 2004 is \$7,279,098. The repayment of these loans will be made through user fees and sales.

**Economic Factors**

The unemployment rate for the County is currently 9.0 percent, which is an increase from 8.0 percent in 2003 and 7.1 percent in 2002. Perry County has long been considered a manufacturing and agricultural County. Nearly 14 percent of all employment in the County is considered manufacturing. The increase in unemployment demonstrates the plight of manufacturing in our nation and the impact of a national recession.

Real property values within the County have risen over the past several years, and are now at an all time high. While overall employment in the County has been steady, our industrial base within the County has been shrinking. Perry County's decade long investment in residential infrastructure is establishing it as a residential bedroom community of surrounding metropolitan counties. This has improved the tax base for schools, libraries and local governments.

The County's permissive sales tax receipts in governmental funds increased 7.0% from 2003 to 2004 following five years of steady growth, despite uncertain economic conditions.

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

**Requests for Information**

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Larry Householder, Perry County Auditor, 105 North Main Street, New Lexington, Ohio 43764.

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**Perry County, Ohio**  
**Statement of Net Assets - Modified Cash Basis**  
**December 31, 2004**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	PERCO, Inc.
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$6,940,917	\$882,145	\$7,823,062	\$0
Cash in Segregated Accounts	49,525	0	49,525	392,627
Investments	760,187	0	760,187	0
<i>Total Assets</i>	<u>7,750,629</u>	<u>882,145</u>	<u>8,632,774</u>	<u>392,627</u>
<b>Net Assets</b>				
Restricted for:				
Capital Projects	354,870	0	354,870	0
Debt Service	4,092	0	4,092	0
Other Purposes	5,935,230	0	5,935,230	0
Unclaimed Monies	91,854	0	91,854	0
Unrestricted	<u>1,364,583</u>	<u>882,145</u>	<u>2,246,728</u>	<u>392,627</u>
<i>Total Net Assets</i>	<u><u>\$7,750,629</u></u>	<u><u>\$882,145</u></u>	<u><u>\$8,632,774</u></u>	<u><u>\$392,627</u></u>

See accompanying notes to the basic financial statements

**Perry County, Ohio**  
**Statement of Activities - Modified Cash Basis**  
**For the Year Ended December 31, 2004**

	Program Receipts			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities</b>				
General Government:				
Legislative and Executive	\$2,573,401	\$1,252,961	\$0	\$0
Judicial	1,180,872	497,361	74,989	0
Public Safety	3,713,707	250,294	2,519,095	0
Public Works	3,574,301	93,503	3,953,690	0
Health	2,937,452	185,211	1,243,542	0
Human Services	10,226,790	277,017	7,848,769	0
Conservation and Recreation	260,518	0	0	0
Capital Outlay	245,238	0	0	845,732
Miscellaneous	758,056	213,743	13,023	0
Debt Service				
Principal Retirement	333,166	0	0	0
Interest and Fiscal Charges	214,201	0	0	0
<i>Total Governmental Activities</i>	<u>26,017,702</u>	<u>2,770,090</u>	<u>15,653,108</u>	<u>845,732</u>
<b>Business Type Activities</b>				
Water Fund	1,667,647	657,310	0	0
Sewer Fund	612,630	303,167	0	0
<i>Total Business-Type Activities</i>	<u>2,280,277</u>	<u>960,477</u>	<u>0</u>	<u>0</u>
<i>Total Primary Government</i>	<u>\$28,297,979</u>	<u>\$3,730,567</u>	<u>\$15,653,108</u>	<u>\$845,732</u>
<i>Component Unit:</i>				
PERCO, Inc.	<u>\$279,315</u>	<u>\$337,962</u>	<u>\$4,978</u>	<u>\$0</u>

**General Receipts**

Property Taxes Levied for:  
 General Purposes  
 Mental Retardation and Developmental Disabilities  
 Community Mental Health  
 Children Services  
 County Home  
 Senior Center  
 Debt Service  
 Conveyance Fees  
 Sales Taxes Levied for General Purposes  
 Grants and Entitlements not Restricted to Specific Programs  
 Interest  
 Payment in Lieu of Taxes  
 Note Proceeds  
 Capital Contributions  
 Miscellaneous

*Total General Receipts*

Change in Net Assets

*Net Assets Beginning of Year*

*Net Assets End of Year*

See accompanying notes to the basic financial statements



Net (Disbursements) Receipts  
and Changes in Net Assets

Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	PERCO, Inc.
(\$1,320,440)	\$0	(\$1,320,440)	\$0
(608,522)	0	(608,522)	0
(944,318)	0	(944,318)	0
472,892	0	472,892	0
(1,508,699)	0	(1,508,699)	0
(2,101,004)	0	(2,101,004)	0
(260,518)	0	(260,518)	0
600,494	0	600,494	0
(531,290)	0	(531,290)	0
(333,166)	0	(333,166)	0
(214,201)	0	(214,201)	0
(6,748,772)	0	(6,748,772)	0
0	(1,010,337)	(1,010,337)	0
0	(309,463)	(309,463)	0
0	(1,319,800)	(1,319,800)	0
(6,748,772)	(1,319,800)	(8,068,572)	0
0	0	0	63,625
1,324,953	0	1,324,953	0
1,096,274	0	1,096,274	0
231,035	0	231,035	0
455,673	0	455,673	0
988,596	0	988,596	0
140,320	0	140,320	0
150,000	0	150,000	0
270,363	0	270,363	0
1,667,327	0	1,667,327	0
756,217	0	756,217	0
76,129	0	76,129	5,000
91,989	0	91,989	0
0	1,481,694	1,481,694	0
0	31,751	31,751	0
1,033,696	206,951	1,240,647	1,026
8,282,572	1,720,396	10,002,968	6,026
1,533,800	400,596	1,934,396	69,651
6,216,829	481,549	6,698,378	322,976
\$7,750,629	\$882,145	\$8,632,774	\$392,627

**Perry County, Ohio**  
**Statement of Modified Cash Basis Assets and Fund Balances**  
**Governmental Funds**  
**December 31, 2004**

	General	Job and Family Services	Auto License and Gasoline Tax	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$484,585	\$215,367	\$1,709,607	\$4,308,677	\$6,718,236
Cash in Segregated Accounts	0	0	0	49,525	49,525
Investments in Segregated Accounts	749,592	0	0	10,595	760,187
<i>Total Assets</i>	<u>\$1,234,177</u>	<u>\$215,367</u>	<u>\$1,709,607</u>	<u>\$4,368,797</u>	<u>\$7,527,948</u>
<b>Fund Balances</b>					
Reserved for Encumbrances	121,209	254,252	391,450	521,866	1,288,777
Reserved for Unclaimed Monies	91,854	0	0	0	91,854
Unreserved:					
Undesignated, Reported in:					
General Fund	1,021,114	0	0	0	1,021,114
Special Revenue Funds	0	(38,885)	1,318,157	3,591,786	4,871,058
Debt Service Funds	0	0	0	3,829	3,829
Capital Projects Funds	0	0	0	251,316	251,316
<i>Total Fund Balances</i>	<u>\$1,234,177</u>	<u>\$215,367</u>	<u>\$1,709,607</u>	<u>\$4,368,797</u>	<u>\$7,527,948</u>

See accompanying notes to the basic financial statements

**Perry County, Ohio**  
**Reconciliation of Total Governmental Fund Balances to**  
**Net Assets - Modified Cash Assets of Governmental Activities**  
**December 31, 2004**

**Total Governmental Fund Balances** \$7,527,948

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

An internal service fund is used by management to charge the costs  
of insurance to individual funds. The assets of the internal service fund  
are included in governmental activities in the statement of net assets.

222,681

**Net Assets of Governmental Activities**

\$7,750,629

See accompanying notes to the basic financial statements

**Perry County, Ohio**  
**Statement of Modified Cash Receipts, Disbursements and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2004**

	General	Job and Family Services	Auto License and Gasoline Tax	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>					
Local Taxes	\$1,324,953	\$0	\$0	\$3,061,898	\$4,386,851
Sales Taxes	1,667,327	0	0	0	1,667,327
Payment in Lieu of Taxes	91,989	0	0	0	91,989
Charges for Services	1,088,907	0	0	1,400,727	2,489,634
Licenses and Permits	2,675	0	0	255,287	257,962
Fines and Forfeitures	220,516	0	11,313	32,292	264,121
Intergovernmental	683,360	5,381,613	3,954,277	7,230,026	17,249,276
Interest	76,129	0	5,781	0	81,910
Miscellaneous	141,619	220,384	235,075	465,354	1,062,432
<i>Total Receipts</i>	<u>5,297,475</u>	<u>5,601,997</u>	<u>4,206,446</u>	<u>12,445,584</u>	<u>27,551,502</u>
<b>Disbursements</b>					
Current:					
General Government:					
Legislative and Executive	1,752,114	0	0	841,170	2,593,284
Judicial	945,329	0	0	245,144	1,190,473
Public Safety	1,459,017	0	40,206	2,226,434	3,725,657
Public Works	0	0	3,457,955	138,367	3,596,322
Health	34,147	0	0	2,903,668	2,937,815
Human Services	439,710	5,644,547	0	4,207,167	10,291,424
Conservation and Recreation	247,824	0	0	12,694	260,518
Capital Outlay	0	0	0	245,238	245,238
Other	0	0	0	758,056	758,056
Debt Service:					
Principal Retirement	45,969	0	0	287,197	333,166
Interest and Fiscal Charges	1,109	0	0	213,092	214,201
<i>Total Disbursements</i>	<u>4,925,219</u>	<u>5,644,547</u>	<u>3,498,161</u>	<u>12,078,227</u>	<u>26,146,154</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>372,256</u>	<u>(42,550)</u>	<u>708,285</u>	<u>367,357</u>	<u>1,405,348</u>
<b>Other Financing Sources (Uses)</b>					
Advances In	99,641	0	0	0	99,641
Advances Out	0	0	0	(99,641)	(99,641)
Transfers In	0	0	9,374	273,936	283,310
Transfers Out	(133,310)	0	0	(150,000)	(283,310)
<i>Total Other Financing Sources (Uses)</i>	<u>(33,669)</u>	<u>0</u>	<u>9,374</u>	<u>24,295</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	338,587	(42,550)	717,659	391,652	1,405,348
<i>Fund Balances Beginning of Year</i>	<u>895,590</u>	<u>257,917</u>	<u>991,948</u>	<u>3,977,145</u>	<u>6,122,600</u>
<i>Fund Balances End of Year</i>	<u>\$1,234,177</u>	<u>\$215,367</u>	<u>\$1,709,607</u>	<u>\$4,368,797</u>	<u>\$7,527,948</u>

See accompanying notes to the basic financial statements

**Perry County, Ohio**  
**Reconciliation of the Statement of Receipts, Disbursements and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities - Modified Cash Basis**  
**For the Year Ended December 31, 2004**

**Net Change in Fund Balances - Governmental Funds** \$1,405,348

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

The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the government-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net expenses of the internal service fund is allocated among the governmental activities.

128,452

**Change in Net Assets of Governmental Activities**

\$1,533,800

See accompanying notes to the basic financial statements

**Perry County, Ohio**  
**Statement of Receipts, Disbursements and Changes in**  
**in Fund Balance - Budget and Actual (Budget Basis)**  
**General Fund**  
**For the Year Ended December 31, 2004**

	<u>Budgeted Amounts</u>			<b>Variance with</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Receipts</b>				
Local Taxes	\$1,185,477	\$1,185,477	\$1,324,953	\$139,476
Sales Taxes	1,494,298	1,494,298	1,667,327	173,029
Payment in Lieu of Taxes	169,354	169,354	91,989	(77,365)
Charges for Services	1,011,250	1,011,250	1,088,907	77,657
Licenses and Permits	2,789	2,789	2,675	(114)
Fines and Forfeitures	126,019	126,019	220,516	94,497
Intergovernmental	620,700	620,700	683,360	62,660
Investment Income	79,696	79,696	76,129	(3,567)
Other Receipts	53,752	53,752	141,619	87,867
<i>Total Receipts</i>	<u>4,743,335</u>	<u>4,743,335</u>	<u>5,297,475</u>	<u>554,140</u>
<b>Disbursements</b>				
Current:				
General Government:				
Legislative and Executive	1,713,418	2,058,336	1,842,682	215,654
Judicial	968,446	984,787	954,860	29,927
Public Safety	1,637,967	1,498,052	1,477,307	20,745
Health	38,485	527,536	36,967	490,569
Human Services	483,417	39,564	439,710	(400,146)
Conservation and Recreation	244,666	245,502	247,824	(2,322)
Debt Service:				
Principal	158,739	150,098	45,969	104,129
Interest and Fiscal Charges	88,921	86,831	1,109	85,722
<i>Total Disbursements</i>	<u>5,334,059</u>	<u>5,590,706</u>	<u>5,046,428</u>	<u>544,278</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(590,724)</u>	<u>(847,371)</u>	<u>251,047</u>	<u>1,098,418</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	21,916	21,916	0	(21,916)
Advances In	0	0	99,641	99,641
Transfers Out	0	0	(133,310)	(133,310)
<i>Total Other Financing Sources (Uses)</i>	<u>21,916</u>	<u>21,916</u>	<u>(33,669)</u>	<u>(55,585)</u>
<i>Net Change in Fund Balance</i>	(568,808)	(825,455)	217,378	1,042,833
<i>Fund Balance Beginning of Year</i>	725,859	725,859	725,859	0
Prior Year Encumbrances Appropriated	169,731	169,731	169,731	0
<i>Fund Balance End of Year</i>	<u>\$326,782</u>	<u>\$70,135</u>	<u>\$1,112,968</u>	<u>\$1,042,833</u>

See accompanying notes to the basic financial statements

**Perry County, Ohio**  
**Statement of Receipts, Disbursements and Changes**  
**in Fund Balance - Budget and Actual (Budget Basis)**  
**Job and Family Services Fund**  
**For the Year Ended December 31, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Intergovernmental	\$4,749,560	\$4,749,560	\$5,381,613	\$632,053
Miscellaneous	0	0	220,384	220,384
<i>Total Receipts</i>	<u>4,749,560</u>	<u>4,749,560</u>	<u>5,601,997</u>	<u>852,437</u>
<b>Disbursements</b>				
Current:				
Human Services	5,258,865	7,065,833	5,898,799	1,167,034
<i>Excess of Receipts Under Disbursements</i>	(509,305)	(2,316,273)	(296,802)	2,019,471
<b>Other Financing Sources</b>				
Transfers In	251,388	251,388	0	(251,388)
<i>Net Change in Fund Balance</i>	(257,917)	(2,064,885)	(296,802)	1,768,083
<i>Fund Balance Beginning of Year</i>	177,944	177,944	177,944	0
Prior Year Encumbrances Appropriated	79,973	79,973	79,973	0
<i>Fund Balance (Deficit) End of Year</i>	<u>\$0</u>	<u>(\$1,806,968)</u>	<u>(\$38,885)</u>	<u>\$1,768,083</u>

See accompanying notes to the basic financial statements

**Perry County, Ohio**  
**Statement of Receipts, Disbursements and Changes**  
**in Fund Balance - Budget and Actual (Budget Basis)**  
**Auto License and Gasoline Tax Fund**  
**For the Year Ended December 31, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Charges for Services	\$200,000	\$200,000	\$0	(\$200,000)
Fines and Forfeitures	15,300	15,300	11,313	(3,987)
Intergovernmental	3,680,000	3,680,000	3,954,277	274,277
Interest	0	0	5,781	5,781
Miscellaneous	30,000	30,000	235,075	205,075
<i>Total Receipts</i>	<u>3,925,300</u>	<u>3,925,300</u>	<u>4,206,446</u>	<u>281,146</u>
<b>Disbursements</b>				
Current:				
Public Works	4,791,644	4,791,659	3,849,406	942,253
Public Safety	26,209	65,618	40,206	25,412
<i>Total Disbursements</i>	<u>4,817,853</u>	<u>4,857,277</u>	<u>3,889,612</u>	<u>967,665</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(892,553)	(931,977)	316,834	1,248,811
<b>Other Financing Sources</b>				
Transfers In	0	0	9,374	9,374
<i>Net Change in Fund Balance</i>	(892,553)	(931,977)	326,208	1,258,185
<i>Fund Balance Beginning of Year</i>	485,654	485,654	485,654	0
Prior Year Encumbrances Appropriated	506,295	506,295	506,295	0
<i>Fund Balance (Deficit) End of Year</i>	<u>\$99,396</u>	<u>\$59,972</u>	<u>\$1,318,157</u>	<u>\$1,258,185</u>

See accompanying notes to the basic financial statements



**Perry County, Ohio**  
**Statement of Fund Net Assets**  
**Proprietary Funds**  
**December 31, 2004**

	Business-Type Activities		Total	Governmental Activity-
	Sewer Enterprise Fund	Water Enterprise Fund		Internal Service Fund
<b>Assets</b>				
Current Assets:				
Equity in Pooled Cash and Cash Equivalents	\$418,202	\$463,943	\$882,145	\$222,681
<i>Total Assets</i>	<u>418,202</u>	<u>463,943</u>	<u>882,145</u>	<u>222,681</u>
<b>Net Assets</b>				
Unrestricted	418,202	463,943	882,145	222,681
<i>Total Net Assets</i>	<u>\$418,202</u>	<u>\$463,943</u>	<u>\$882,145</u>	<u>\$222,681</u>

See accompanying notes to the basic financial statements

**Perry County, Ohio**  
**Statement of Receipts, Disbursements and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended December 31, 2004**

	Business-Type Activities		Total	Governmental Activities-
	Sewer Enterprise Fund	Water Enterprise Fund		Internal Service Fund
<b>Operating Receipts</b>				
Charges for Services	\$303,167	\$657,310	\$960,477	\$0
Charges for Services - Health Benefits	0	0	0	2,791,337
Miscellaneous	205,325	1,626	206,951	8,158
<i>Total Operating Receipts</i>	<u>508,492</u>	<u>658,936</u>	<u>1,167,428</u>	<u>2,799,495</u>
<b>Operating Disbursements</b>				
Personal Services	64,293	104,331	168,624	0
Contractual Services	24,932	163,597	188,529	0
Contractual Services - Health Benefits	0	0	0	391,958
Materials and Supplies	5,679	57,496	63,175	0
Claims - Health Benefits	0	0	0	2,279,085
Capital Outlay	362,786	791,396	1,154,182	0
Other		9,100	9,100	0
Debt Service				
Principal	54,206	407,575	461,781	0
Interest	100,734	134,152	234,886	0
<i>Total Operating Disbursements</i>	<u>612,630</u>	<u>1,667,647</u>	<u>2,280,277</u>	<u>2,671,043</u>
<i>Operating Gain/(Loss)</i>	(104,138)	(1,008,711)	(1,112,849)	128,452
<b>Non-Operating Receipts</b>				
Proceeds of Notes	333,633	1,148,061	1,481,694	0
<i>Gain Before Contributions</i>	229,495	139,350	368,845	128,452
Capital Contributions	31,751	0	31,751	0
<i>Change in Net Assets</i>	261,246	139,350	400,596	128,452
<i>Net Assets Beginning of Year</i>	<u>156,956</u>	<u>324,593</u>	<u>481,549</u>	<u>94,229</u>
<i>Net Assets End of Year</i>	<u><u>\$418,202</u></u>	<u><u>\$463,943</u></u>	<u><u>\$882,145</u></u>	<u><u>\$222,681</u></u>

See accompanying notes to the basic financial statements

**Perry County, Ohio**  
**Statement of Fiduciary Net Assets - Modified Cash Basis**  
**Agency Funds**  
**December 31, 2004**

**Assets**

Equity in Pooled Cash and Cash Equivalents	\$1,520,683
Cash and Cash Equivalents in Segregated Accounts	<u>167,388</u>

<i>Total Assets</i>	<u><u>\$1,688,071</u></u>
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**Net Assets:**

Total Net Assets	<u><u>\$1,688,071</u></u>
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See accompanying notes to the financial statements

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**Perry County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2004*

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**Note 1 – Reporting Entity**

Perry County, Ohio (the County), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The County is governed by a board of three County 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 Auditor, Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, a Common Pleas Court Judge, and a Probate/Juvenile Court Judge.

Although the elected officials manage the internal operations of their respective departments, the County Commissioners authorize cash disbursements as well as serve as the budget and taxing authority, contracting body, and the chief administrators of public services for the entire County.

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

**A. Primary Government**

The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the County. For Perry County, this includes the Perry County Board of Mental Retardation and Developmental Disabilities (MRDD), Perry County Home, Children Services Board, and departments and activities that are directly operated by the elected County officials.

**B. Component Units**

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 organizations 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. The County is also financially accountable for any organizations that are fiscally dependent on the County in that the County approves their budget, the issuance of their debt, or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the County, are accessible to the County, and are significant in amount to the County.

**Discretely Presented Component Unit**

The component unit column on the financial statements identifies the financial data of the County's component unit, PERCO, Inc. It is reported separately to emphasize that it is legally separate from the County. Information about this component unit is presented in Note 18 to the basic financial statements.

PERCO, Inc. (PERCO) is a legally separate, not-for-profit corporation, served by a self-appointing board of trustees. PERCO, under a contractual agreement with the Perry County Board of Mental Retardation and Developmental Disabilities (MRDD), provides sheltered employment for mentally retarded or handicapped adults in Perry County. The Perry County Board of MRDD provides PERCO with staff salaries, transportation, equipment (except that used directly in the production of goods or rendering of services), staff to administer and supervise training programs, and other funds as necessary for the operation of PERCO. Based on the significant services and resources provided by the County to PERCO and PERCO's sole purpose of providing assistance to the retarded and handicapped adults of Perry County, PERCO is considered to be a component unit of Perry County. The nature and significance of the relationship between the County and the workshop is such that exclusion would cause the County's financial statements to be misleading or incomplete. PERCO operates on a fiscal year ending December 31. Separately-audited statements for PERCO are available from Beth Pompey, Fiscal Officer, 499 N. State Street, New Lexington, Ohio 43701.

**Perry County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2004*

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**Note 1 – Reporting Entity (Continued)**

As custodian of public funds, the County Treasurer invests all public monies held on deposit in the County treasury. In the case of the separate organizations listed below, the County serves as fiscal agent, but the organizations are not considered part of Perry County. Accordingly, the activity of the following organizations is reported as agency funds within the financial statements:

Perry County Soil and Water Conservation District  
Perry County Health Department  
Perry County Family & Children First Council

**C. Joint Venture**

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. Under the modified cash basis of accounting, the County does not report assets for equity interests in joint ventures.

The County participates in several jointly governed organizations and a public entity risk pool. These organizations are presented in Notes 15 and 16 to the basic financial statements. These organizations are:

Fairfield, Hocking, Licking and Perry Multi-County Juvenile Detention System  
Buckeye Hills-Hocking Valley Regional Development District  
Coshocton-Fairfield-Licking-Perry Solid Waste District  
Mental Health and Recovery Services Board of Muskingum County  
Mid Eastern Ohio Regional Council of Governments (MEORC)  
Perry County Family and Children First Council  
Local Workforce Investment Board  
County Risk Sharing Authority, Inc. (CORSA)

The financial statements exclude the following entities which perform activities within the County's boundaries for the benefit of its residents because the County is not financially accountable for these entities nor are they fiscally dependent on the County:

Perry County Educational Service Center  
Perry County Law Library  
Hocking College (Perry County Branch)

The County's management believes these financial statements present all activities for which the County is financially accountable.

**Perry County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2004*

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**Note 2 – Summary of Significant Accounting Policies**

As discussed further in Note 2.C, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The County does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the County's accounting policies.

**A. Basis of Presentation**

The County's basic financial statements consist of government-wide statements, including a Statement of Net Assets and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

**Government-Wide Financial Statements**

The Statement of Net Assets and the Statement of Activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" receipts and cash disbursements. The statements distinguish between those activities of the County that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Net Assets presents the cash balance of the governmental and business-type activities of the County at year end. The Statement of Activities compares disbursements and program receipts for each program or function of the County's governmental activities and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the County is responsible. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program.

Receipts which are not classified as program receipts are presented as general receipts of the County, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program or business activity is self-financing on a modified cash basis or draws from the general receipts of the County.

**Fund Financial Statements**

During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column.

**Perry County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2004*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

Nonmajor funds are aggregated and presented in a single column. The Internal Service Fund is presented in a single column on the face of the proprietary fund financial statements. Fiduciary funds are reported by type.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating.

**B. Fund Accounting**

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

**Governmental Funds**

Governmental funds are those through which most governmental functions typically are financed. The following are the County's major governmental funds:

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

Job and Family Services – This fund accounts for federal, state, and local monies used to provide general relief and to pay providers of medical assistance and social services.

Auto License and Gasoline Tax - This fund accounts for State levied, shared monies derived from gasoline taxes and the sale of motor vehicle licenses. Disbursements are restricted by State law to County road and bridge repair/improvements programs.

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

**Proprietary Funds**

The County classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise funds or internal service funds.

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

Sewer Fund – This fund accounts for sanitary sewer services provided to County individual and commercial users. The costs of providing these services are financed primarily through user charges.

Water Fund - The Water Fund is used to account for the revenues generated from the charges for distribution of water to the residential and commercial users of the County. The costs of providing these services are financed primarily through user charges.



**Perry County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2004*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

Internal Service Fund – The Internal Service Fund accounts for the financing of services provided by one department or agency to other departments or agencies of the County on a cost-reimbursement basis. The County's Internal Service Fund accounts for monies received for the activities of the self insurance program for employee health benefits.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the County under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the County's own programs. The County did not have any trust funds in 2004. Agency funds are purely custodial and are used to account for assets held by the County for political subdivisions for which the County acts as fiscal agent and for taxes, state-levied shared revenues, and fines and forfeitures collected and distributed to other political subdivisions.

C. Basis of Accounting

The County's financial statements are prepared using the modified cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the County's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the County are described in the appropriate section in this note.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the County Auditor. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources in effect at the time final appropriations were passed by the County Commissioners.

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

**Perry County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2004*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**E. Cash and Cash Equivalents**

To improve cash management, cash received by the County is pooled and invested. Individual fund integrity is maintained through the County's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

Cash and cash equivalents that are held separately within departments of the County are recorded as "Cash and Cash Equivalents in Segregated Accounts".

Cash and cash equivalents of PERCO, Inc. are held by the component unit and are recorded as "Cash and Cash Equivalents in Segregated Accounts".

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2004, the County invested in nonnegotiable certificates of deposit, federal agency securities, and STAROhio. Investments are reported at cost, except for STAROhio. 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, 2004.

Interest earnings are allocated to County funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2004 amounted to \$76,129, which includes \$68,341 assigned from other County funds.

**F. Inventory and Prepaid Items**

The County reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**G. Capital Assets**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. The financial statements do not report these assets.

**H. Interfund Receivables/Payables**

The County reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

**Perry County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2004*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

I. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the County's modified cash basis of accounting.

J. Employer Contributions to Cost-Sharing Pension Plans

The County recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 10 and 11, the employer contributions include portions for pension benefits and for postretirement health care benefits.

K. Long-term Obligations

The County's modified cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither other financing source nor capital outlay are reported at inception. Lease payments are reported when paid.

L. Fund Balance Reserves

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

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes primarily include activities involving the upkeep of the County's roads and bridges, child support and welfare services, services for the handicapped and mentally retarded, and activities of the County's courts. Unclaimed monies that are required to be held for five years before they may be utilized by the County are reported as restricted. The government-wide Statement of Net Assets reports \$6,386,046 of restricted net assets, of which \$889,326 is restricted by enabling legislation.

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

**Perry County, Ohio**  
*Notes to the Basic Financial Statements*  
 December 31, 2004

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

N. Interfund Transactions

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

**Note 3 – Change in Accounting Policies**

Last year, the County reported fund financial statements by fund type on the basis of accounting formerly prescribed or permitted by the Auditor of State. For the year ended December 31, 2004, the County has implemented the modified cash basis of accounting using the model under Governmental Accounting Standards Board Statement Number 34, which is an accounting basis other than accounting principles generally accepted in the United States of America. In implementing the other comprehensive basis of accounting described in Note 2, the fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

**Note 4 – Accountability and Compliance**

A. Budgetary Compliance

1. The Board of County Commissioners did not adopt a tax budget for 2004.
2. The County Auditor did not properly certify unencumbered beginning fund balances.
3. The County personnel failed to obtain the County Auditor's certification of the availability of funds prior to purchase commitments.
4. Total expenditures exceeded total appropriations for various accounts within individual funds as well as in the following funds in total, by the following amounts:

Fund	Amount
Joint County Health Plan Fund	\$2,805,711
Northern Perry County Water Fund	\$23,412
Comprehensive Mental Health Fund	\$7,258

5. Appropriations exceeded beginning balances plus actual receipts in the following funds:

Fund	Amount
Deputy in Schools	(\$19,816)
Deputy for County and Township Roads	(\$58,617)
OWDA Buckeye Lake Loan	(\$603,690)
Community Development Block Grant	(\$496,542)
Northern Perry County Water Bond Retirement	(\$744)
Waterline Extension	(\$11,439)
Marriage License	(\$637)
ALPHA-LG	(\$3,451)
Clerk of Courts Computerization	(\$2,624)
Computerization	(\$1,747)
County Court Computerization	(\$13,175)
Enforcement and Education	(\$973)
RSVP	(\$881)

**Perry County, Ohio**  
*Notes to the Basic Financial Statements*  
 December 31, 2004

**Note 4 – Accountability and Compliance (Continued)**

A. Budgetary Compliance (Continued)

Local Emergency Planning	(\$479)
Juvenile Court Legal Computerization	(\$1,457)
Probate Court Computerization	(\$2,277)
Juvenile Court Computerization	(\$2,340)
Recorder Equipment	(\$6,041)
Group Home	(\$52,078)
Sheriff National Forest Service	(\$463)
Perry County Transit System	(\$690)
Juvenile/Americorps	(\$3,072)
Perry County Archives	(\$34,926)
PCJC/CASA Program	(\$3,402)
Juvenile Court Special Projects	(\$23,000)
Bank Building	(\$7,007)
Building, Water, Airport Bond Retirement	(\$42,787)
Multi-County Juvenile Facility	(\$14,921)
Ceramic Sewer	(\$765)

6. Appropriations exceeded estimated resources in the following funds during 2004:

<u>Fund</u>	<u>Amount</u>
General Fund	\$102,970
Worker's Compensation Fund	\$117,242
Deputy in Schools Fund	\$6,091
Deputy for County and Township Roads Fund	\$33,617
Public Assistance Fund	\$1,323,109
Workforce Investment Act Fund	\$483,859
OWDA Buckeye Lake Loan Fund	\$171,858
Burr Oak and Perry County Fund	\$34,983
Child Support Fund	\$90,328
Community Development Block Grant Fund	\$487
EMA/Office of Homeland Security Fund	\$177,761
Probate Court Computerization Fund	\$2,236
Probate Conduct of Business Fund	\$48
Juvenile/Americorps Fund	\$2,409
Airport Fund	\$563,268
Senior Nutrition Center Fund	\$16,449
Law Enforcement Overtime Grant Fund	\$5,191
MRDD Capital Improvements Fund	\$19,223
Multi County Juvenile Facility Fund	\$13,669
Ceramic Sewer Fund	\$2,500
Northern Perry County Sewer Fund	\$1,975

The Public Assistance Fund and the Workforce Investment Act Fund are combined for reporting purposes to form the Job and Family Services Special Revenue Fund. As reflected on the Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (Budget Basis) the Job and Family Services Fund had combined appropriations in excess of estimated resources of \$1,806,968.

**Perry County, Ohio**  
*Notes to the Basic Financial Statements*  
 December 31, 2004

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**Note 4 – Accountability and Compliance (Continued)**

A. Budgetary Compliance (Continued)

7. Negative fund balances existed in the following funds and ranges during 2004:

<b>Fund</b>	<b>From</b>	<b>To</b>
General Fund	(\$45,647)	(\$160,583)
Self Insurance Fund	(\$97,244)	(\$97,244)
Clerk of Courts Computer Fund	(\$587)	(\$5,146)
Computerization Fund	(\$1,012)	(\$6,562)
Community Development Block Grant Fund	(\$3,347)	(\$3,347)
Senior Center Fund	(\$3,787)	(\$70,459)
Archives Fund	(\$1,431)	(\$25,349)
Multi County Juvenile Center Fund	(\$1,252)	(\$15,012)
Bank Building Fund	(\$72,740)	(\$88,223)
RSVP Fund	(\$388)	(\$4,147)
Airport Fund	(\$264)	(\$6,764)
Deputy for Township and County Roads Fund	(\$2,150)	(\$2,300)
Child Support Enforcement Agency Fund	(\$1,011)	(\$1,011)
Joint County Health Plan Fund	(\$22,114)	(\$73,967)
MRDD Fund	(\$8,112)	(\$8,112)
EMA/Office of Homeland Security Fund	(\$10,610)	(\$32,425)
Senior Nutrition Fund	(\$4,364)	(\$4,364)
Litter Control Fund	(\$2,144)	(\$2,144)
Law Enforcement Overtime Grant Fund	(\$4,333)	(\$4,333)

B. Reporting Compliance

Ohio Administrative Code, Section 117-2-03 (B), requires the County to prepare its annual financial report in accordance with generally accepted accounting principles. However, the County prepared its financial statements on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net assets/fund balances, and disclosures that, while material, cannot be determined at this time. The County can be fined and various other administrative remedies may be taken against the County.

**Note 5 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General and each major special revenue fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the modified cash basis are outstanding year end encumbrances are treated as expenditures (budgetary basis) rather than as a reservation of fund balance (modified cash basis) and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (modified cash basis).

**Perry County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2004*

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**Note 5 – Budgetary Basis of Accounting (Continued)**

The encumbrances outstanding at year-end (budgetary basis) amounted to:

General Fund	\$ 121,209
Major Special Revenue Funds:	
Auto License and Gasoline Tax Fund	\$ 391,451
Job and Family Services Fund	\$ 254,252

**Note 6 – Deposits and Investments**

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

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

Monies held by the County, which are not considered active are classified as inactive. Beginning June 15, 2004, inactive monies could be deposited or invested with certain limitations in the following securities provided the County has filed a written investment policy with the Ohio Auditor of State:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States, or any book entry, zero-coupon United States treasury security that is a direct obligation of the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality;
3. Written repurchase agreements in the securities listed above;
4. Bond and other obligations of the State of Ohio or its political subdivisions;
5. Time certificates of deposits or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds;
7. The State Treasurer's investment pool (STAROhio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to simultaneously exchange similar securities or cash, equal value for equal value;
9. Commercial paper notes, corporate notes and bankers acceptances; and

**Perry County, Ohio**  
*Notes to the Basic Financial Statements*  
 December 31, 2004

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**Note 6 – Deposits and Investments (Continued)**

10. Debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government. All interest and principal shall be denominated and payable in United States funds.

Reverse repurchase agreements, investments in derivatives, and investments in stripped principal or interest obligations that are not issued or guaranteed by the United States, are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Bankers acceptances must mature within 180 days. Commercial paper and corporate notes must mature within 270 days. All other investments must mature within five years from the date of settlement unless matched to a specific obligation or debt of the County. Investments must be purchased with the expectation that they will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year-end, the County had \$64,399 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents."

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits With Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements."

At year end, the carrying amount of the County's deposits was \$4,935,447 and the bank balance was \$5,457,328. Of the bank balance:

1. \$200,000 was covered by federal depository insurance; and
2. \$5,257,328 was uninsured and uncollateralized. Although all State requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the County to a successful claim by FDIC.

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

	Category 3	Carrying Value
Federal Home Loan Mortgage Corporation Securities	\$749,592	\$749,592
STAROhio		4,571,407
Total Investments	\$749,592	\$5,320,999



**Perry County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2004*

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**Note 7 – Permissive Sales and Use Tax**

The County Commissioners, by resolution, imposed a 1 percent tax on all retail sales made in the County, except sales of motor vehicles, and on the storage, use, or consumption of tangible personal property in the County, including motor vehicles not subject to the sales tax. Proceeds of the tax are credited to the General Fund. 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 the amount of the tax to be returned to the County to the State Auditor. 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.

**Note 8 – Property Taxes**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the County. Property tax revenue receipts received in 2004 represent the collection of 2003 taxes. Real property taxes received in 2004 were levied after October 1, 2003, on the assessed values as of January 1, 2003, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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

Tangible personal property tax receipts received in 2004 (other than public utility property) represent the collection of 2004 taxes. Tangible personal property taxes received in 2004 were levied after October 1, 2003, on the true value as of December 31, 2003. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory.

Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers must pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The County Treasurer collects property taxes on behalf of all taxing districts within the County. The County Auditor periodically remits to the taxing districts their portion of the taxes collected. The collections and distribution of taxes for all subdivisions within the County, excluding the County itself, is accounted for through agency funds. The amount of the County's tax collections is accounted for within the applicable funds.

The full tax rate for all County operations for the year ended December 31, 2004, was \$15.00 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2004 property tax receipts were based are as follows:

Real Property	\$327,112,000
Public Utility Tangible Personal Property	38,044,000
Tangible Personal Property	<u>26,298,650</u>
Total Assessed Value	<u><u>\$391,454,650</u></u>

**Perry County, Ohio**  
*Notes to the Basic Financial Statements*  
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**Note 9 – Risk Management**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2004, the County contracted with the County Risk Sharing Authority, Inc. (CORSA) for insurance coverage. The CORSA program has a \$2,500 deductible. Coverage provided by CORSA is as follows:

General Liability	\$1,000,000
Law Enforcement Liability	\$1,000,000
Automobile Liability	\$1,000,000
Errors and Omissions Liability	\$1,000,000
Excess Liability	\$5,000,000
Property	\$36,385,062
Equipment Breakdown	\$100,000,000
Crime	\$1,000,000
Uninsured Motorists Liability	\$250,000
Stop Gap Liability	\$1,000,000
Medical Professional Liability	\$6,000,000
Foster Parents	\$6,000,000
Bridges	\$34,775
Sewer Line Coverage	\$4,200,000

With the exception of medical coverage and worker's compensation, all insurance is held with CORSA. There has been no significant reduction in insurance coverage from 2003, and settled claims have not exceeded this coverage in the past three years. The County pays all elected officials' bonds by statute.

For 2004, the County participated in the County Commissioners Association of Ohio Service Corporation, a worker's compensation group rating plan (Plan). The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all counties in the Plan. Each county pays its workers' compensation premium to the State based on the rate for the Plan rather than the county's individual rate.

In order to allocate the savings derived by the formation of the Plan, and to maximize the number of participants in the Plan, the Plan's executive committee annually calculates the total savings which accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the Plan is limited to counties that can meet the Plan's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control and actuarial services to the Plan. Each year, the County pays an enrollment fee to the Plan to cover the costs of administering the program.

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

The County provides employee medical coverage through a self insured program. The County established a Medical Insurance fund (an internal service fund) to account for and finance employee health benefits. Under this program, the Medical Insurance fund provides coverage up to a maximum of \$75,000 per year for each individual. The County purchases commercial insurance for claims in excess of coverage provided by the program and for all other risks of loss.

**Perry County, Ohio**  
*Notes to the Basic Financial Statements*  
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**Note 9 – Risk Management (Continued)**

Settled claims have not exceeded this commercial coverage in the past three years.

All funds of the County participate in the program and make payments to the Medical Insurance Fund based on actuarial estimates of the amounts needed to pay prior and current year claims.

**Note 10 – Defined Benefit Pension Plans**

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

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report that includes financial statements and required supplementary information. This report may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2004, members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salary to fund pension obligations. Members participating in the traditional plan, who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The County's contribution rate for pension benefits for 2004 was 9.55 percent, except for those plan members in law enforcement or public safety. For those classifications, the County's pension contributions were 12.7 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The County's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2004, 2003, and 2002 were \$914,263, \$1,279,517, and \$1,202,241. The full amount has been contributed for 2004, 2003 and 2002. Contributions to the member-directed plan for 2004 were \$5,661 made by the County and \$3,551 made by the plan members.

**Note 11 – Postemployment Benefits**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by OPERS is considered as Other Postemployment Benefit (OPB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits Other Than Pension Plans by State and Local Government Employers".

**Perry County, Ohio**  
*Notes to the Basic Financial Statements*  
 December 31, 2004

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**Note 11 – Postemployment Benefits (Continued)**

A portion of each employer’s contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2004 employer contribution rate was 13.55 percent of covered payroll (16.7 percent for law enforcement and public safety); 4 percent was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS’s latest actuarial review performed as of December 31, 2003, include a rate of return on investments of 8 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .5 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase 1.00 to 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 369,885. Actual employer contributions for 2004 which were used to fund postemployment benefits were \$580,250. The actual contribution and the actuarial required contribution amounts are the same. OPERS’s net assets available for the payment of benefits at December 31, 2003, (the latest information available) were \$10.5 billion. The actuarial accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS’ health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

**Note 12 – Contractual Commitments**

As of December 31, 2004, the County had contractual purchase commitments as follows:

<u>Projects</u>	<u>Fund</u>	<u>Purchase Commitments</u>	<u>Amounts Paid as of 12/31/2004</u>	<u>Amounts Remaining On Contracts</u>
Water Line Projects	Water Fund	\$736,885	\$0	\$736,885
Various Road Improvements	Auto License and Gasoline Tax Fund	1,316,344	0	1,316,344
Airport Fencing	Other Grant Funds	205,977	0	205,977
Boiler Replacement	General Fund	73,060	0	73,060

**Perry County, Ohio**  
*Notes to the Basic Financial Statements*  
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**Note 13 – Long Term Obligations**

Changes in the County's long-term obligations during the year consisted of the following:

	Interest Rate	Principal Outstanding 12/31/03	Additions	Deductions	Principal Outstanding 12/31/04	Amounts Due within One Year
<b>Governmental Activities</b>						
<u>General Obligation Bonds:</u>						
1998 - 911 System Acquisition Bond	5.75%	\$114,285	\$0	\$57,143	\$57,142	\$57,142
1999 Safety Equipment Acquisition Bonds	4.88%	45,969	0	45,969	0	0
1999 County Building Acquisition Bonds	8.45%	40,000	0	40,000	0	0
2001 - Building Improvement Bonds	4.97%	32,270	0	15,054	17,216	15,823
2001 - Various Purpose Improvement Bonds	3.6% - 5.1	4,245,000	0	160,000	4,085,000	165,000
2001 Dog Pound Bonds	5.10%	40,000	0	15,000	25,000	15,000
Total Governmental Activities		<u>\$4,517,524</u>	<u>\$0</u>	<u>\$333,166</u>	<u>\$4,184,358</u>	<u>\$252,965</u>
<b>Business-Type Activities</b>						
<u>Special Assessment Bonds:</u>						
1986 Buckeye Lake Special Assessment Bonds - 6.00%	6.00%	1,100		300	800	400
Total Special Assessment Bonds		<u>1,100</u>	<u>0</u>	<u>300</u>	<u>800</u>	<u>400</u>
<u>Ohio Public Works Commission Notes</u>						
	2.00%					
1994 Thornport Water Project	2.00%	457,278		35,741	421,537	36,459
1998 Waterline Extension Project	2.00%	311,945		311,945	0	0
2002 Water System Improvements Project	2.00%	21,362	44,541	0	65,903	0
2002 Sanitary Sewer Improvements II Project	2.00%	236,555	0	0	236,555	0
Total Ohio Public Works Commission Notes		<u>1,027,140</u>	<u>44,541</u>	<u>347,686</u>	<u>723,995</u>	<u>36,459</u>
<u>Ohio Water Development Authority Notes</u>						
1998 Buckeye Lake Water Lines	5.76%	606,258	0	49,765	556,493	52,631
2000 Water Line Construction	6.41%	106,534	(6,493)	(4,782)	104,823	2,696
2000 Robinwood Estates Sewer Improvements	6.03%	57,812	0	1,313	56,499	1,393
2000 Crown Wehrle WWTP Improvements	6.03%	29,365	(7,334)	(1,190)	23,221	2,575
2001 Water Meter Installation	1.50%	279,811	0	8,108	271,703	8,231
2001 Water Design	5.55%	1,226,058	302,132	310,000	1,218,190	0
2001 Wastewater Design	1.00%	1,524,219	76,062	0	1,600,281	0
2002 Ceramic Road Area Sewers	1.00%	733,578	1,765	21,547	713,796	21,762
2003 Northern Perry Sewers Phase I	1.00%	984,360	97,701	32,660	1,049,401	32,987
2003 Wastewater Planning	5.50%	401	158,105	0	158,506	0
2004 Waterline Extension	1.00%	0	475,236	0	475,236	0
2004 Waterline Extension Phase 1B	1.00%	0	326,154	0	326,154	0
Total Ohio Water Development Authority Notes		<u>5,548,396</u>	<u>1,423,328</u>	<u>417,421</u>	<u>6,554,303</u>	<u>122,275</u>
Total Business-Type Activities		<u>\$6,576,636</u>	<u>\$1,467,869</u>	<u>\$765,407</u>	<u>\$7,279,098</u>	<u>\$159,134</u>

**Perry County, Ohio**  
*Notes to the Basic Financial Statements*  
 December 31, 2004

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**Note 13 – Long Term Obligations (Continued)**

The 911 System Acquisition Bonds relate to the equipping and installing of a 911 emergency system. These general obligation bonds were originally issued in the amount of \$400,000 and are to be repaid in annual installments of \$57,143, including interest, over seven years. The bonds are collateralized by the taxing authority of the County.

The Safety Equipment Acquisition Bonds were originally issued in 1999 in the amount of \$230,000 for the purpose of financing the acquisition and equipping of eight motor vehicles for use by the Perry County Sheriff's Department. These general obligation bonds were paid off in 2004.

The County Building Acquisition Bonds were issued in 1999 in the amount of \$200,000 for the purpose of acquiring certain real estate and improving the building thereon to provide facilities for county offices and functions. These general obligation bonds were repaid in annual installments of \$40,000, including interest, over five years. The bonds are collateralized by the taxing authority of the County.

The Building Improvements Bonds were issued in 2001 in the amount of \$72,116 for the purpose of financing energy conservation improvements to the building utilized by the County Department of Mental Retardation and Developmental Disabilities. These general obligation bonds are to be repaid in 60 monthly installments. The bonds are collateralized by the taxing authority of the County.

The Various Purpose Improvement Bonds were originally issued in 2001 in the amount of \$4,550,000, which consist of \$2,995,000 in Serial Bonds and \$1,555,000 in Term Bonds. These bonds were issued for the purpose of paying the costs of acquiring and improving a building to house personnel and functions of the Human Services Department; to renovate the building to house personnel and functions of the Job and Family Services Department; to acquire the Perry County Airport and to improve the water supply and water works of the Northern Perry County Sewer District. These bonds were issued for a twenty year period with a final maturity date of December 1, 2021. The bonds are collateralized by the taxing authority of the County.

The Various Purpose Improvement Bonds maturing on or after December 1, 2011 are subject to prior redemption on or after December 1, 2010 by and at the sale option of the County, in whole or in part, on any date, and in integral multiples of \$5,000, at the following redemption prices, plus accrued interest to the redemption date:

Redemption Dates	Redemption Prices
December 1, 2010 through November 30, 2011	101%
December 1, 2011 and thereafter	100%

The term bonds maturing on December 1, 2021, are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

Year	Principal Amount to be Redeemed
2017	\$280,000
2018	295,000
2019	310,000
2020	325,000
2021	345,000

**Perry County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2004*

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**Note 13 – Long Term Obligations (Continued)**

The Dog Pound Bonds were originally issued in 2001 in the amount of \$55,000 for the purpose of financing the cost of constructing a dog pound. These general obligation bonds are to be repaid in annual installments of \$15,000 over three years and a final payment in the fourth year of \$10,000, not including interest. The bonds are collateralized by the taxing authority of the County.

The Buckeye Lake Special Assessment Bonds were originally issued in 1986 in the amount of \$44,000 for the purpose of financing the cost of acquiring and constructing sewerage and sewage disposal improvements in the Buckeye Lake area. These bonds are to be retired through a special assessment of property owners with annual payments of either \$300 or \$400, not including interest, over twenty years.

The Ohio Public Works Commission (OPWC) Thornport Water Project Note was issued in 1995 in the amount of \$734,000 for the purpose of financing a water improvement project in the Thornport area. The loan will be repaid in semiannual installments of \$22,354, including interest, over 20 years. This loan is collateralized by utility receipts. The County has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Ohio Public Works Commission (OPWC) Perry County Waterline Extension Project Note was originally issued in 1999 in the amount of \$375,605 to finance the cost of extending water lines. This loan was transferred to Southern Perry County Water during 2004.

The Ohio Public Works Commission (OPWC) Water System Improvement Project Note was issued in 2002 for the purpose of financing improvements to the water system. OPWC has authorized up to \$300,000 for the project; however, only \$65,903 had been drawn down as of December 31, 2004. The County has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Ohio Public Works Commission (OPWC) Sanitary Sewer Improvements II Project Note was issued in 2002 for the purpose of financing improvements to the sewer system. OPWC has authorized up to \$300,000 in loans to the County for this project. As of December 31, 2004, \$236,555 had been drawn down. The County has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Ohio Water Development Authority (OWDA) Buckeye Lake Water Lines Note relates to a water plant expansion project that was mandated by the Ohio Environmental Protection Agency. The loan will be repaid in semiannual installments of \$42,343, including interest, over twenty years. In 2004, late fees of \$254 were added to the total principal amount of this loan and subsequently paid within in the year. The County has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) Water Line Construction Note relates to the extension of water lines of the water system. This loan will be repaid in semiannual installments of \$4,686, including interest, over twenty five years. In 2004, OWDA lowered the principal amount of this loan by \$6,493. The County has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) Robinwood Estates Sewer Improvement Loan relates to a project to reline the sanitary sewers serving the Robinwood Estates Subdivision. This loan will be repaid in semiannual installments of \$2,390, including interest, over twenty five years. In 2004, late fees of \$15 were added to the total principal amount of this loan and subsequently paid within the year. The County has agreed to set utility rates sufficient to cover OWDA debt service requirements.

**Perry County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2004*

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**Note 13 – Long Term Obligations (Continued)**

The Ohio Water Development Authority (OWDA) Crown Wehrle WWTP Improvements Loan is for improvements at the wastewater treatment plant mandated by the Ohio Environmental Protection Agency. This loan will be repaid in annual installments over twenty five years. In 2004, OWDA lowered the principal amount of this loan by \$7,335. In 2004, late fees of \$15 were added to the total principal amount of this loan and subsequently paid within the year. The County has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) Water Meter Installation Note relates to a loan to install water meters in the Northern Perry County Water District. This loan will be paid in semiannual installments of \$6,138, including interest, over thirty years. In 2004, late fees of \$19 were added to the total principal amount of this loan and subsequently paid within the year. The County has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) Water Design Note relates to an engineering design loan for the Northern Perry County Wastewater System. As of December 31, 2004, the County had drawn down \$1,528,190 and transferred \$310,000 of the loan to the Waterline Extension and Waterline Extension Phase IB notes described below. The County has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) Wastewater Design Loan relates to a project for the completion of the engineering design for the Northern Perry County Water System and consolidation of all outstanding planning loans with the Northern Perry County Water System. As of December 31, 2004, the County had drawn down \$1,600,281. No principal payments were made during 2004. This loan will be repaid over five years and the County has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) Ceramic Road Area Sewers Note relates to a project to construct a conventional gravity collection system and sewage treatment plant in the Ceramic Road area. This loan will be repaid in semiannual installments of \$14,423, including interest, over thirty years. In 2004, late fees of \$39 were added to the total principal amount of this loan and subsequently paid within the year. The County has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) Northern Perry County Sewers Phase I Note relates to the construction of collection sewers to serve the northern part of the County surrounding Thornport. OWDA has approved up to \$1,136,495 in loans to the County for this project. As of December 31, 2004, the County had drawn down \$1,082,061 and made principal payments in the amount of \$32,660. In 2004, late fees of \$60 were added to the total principal amount of this loan and subsequently paid within the year. This loan will be repaid over 30 years and the County has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) Wastewater Planning Note relates to a planning loan for the Northern Perry County Sewer District. As of December 31, 2004, the County had drawn down \$158,105 and no principal or interest payments were made during 2004. The County has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) Waterline Extension and Waterline Extension Phase 1B Notes relates to a planning loan for extending water lines. As of December 31, 2004, the County has drawn down \$475,236 and \$326,154, respectively and no principal or interest payments were made during 2004. The County has agreed to set utility rates sufficient to cover the debt service requirements of these notes.



**Perry County, Ohio**  
*Notes to the Basic Financial Statements*  
 December 31, 2004

**Note 13 – Long Term Obligations (Continued)**

During 2004, interest in the amount of \$146,860 was capitalized on the principal balances of the County's OWDA notes.

The OWDA notes listed above, except for the Buckeye Lake Water Lines, Robinwood Estates Sewer Improvements, Water Meter Installation notes, Water Line Construction Note and Ceramic Road Area Sewers Note, are not included in the following amortization schedule since OWDA has not established a payment schedule. The OPWC Water System Improvement Project Note and the OPWC Sanitary Sewer Improvements II Project Note are not included in the following amortization schedule since principal on these notes has not been completely drawn down. Amortization of the above debt, including interest, is scheduled as follows, except for those OWDA and OPWC notes without payment schedules:

Year Ended December 31,	General Obligation Bonds	Special Assessment Bonds	Ohio Water Development Authority Notes	Ohio Public Works Commission Notes	Total
2005	\$453,210	\$448	\$139,959	\$44,709	\$638,326
2006	370,804	448	139,959	44,709	555,920
2007	362,095	0	139,959	44,709	546,763
2008	359,715	0	139,959	44,709	544,383
2009	361,945	0	139,959	44,709	546,613
2010-2014	1,807,803	0	572,766	223,544	2,604,113
2015-2019	1,802,670	0	276,367	22,354	2,101,391
2020-2024	721,765	0	276,367	0	998,132
2025-2029	0	0	210,385	0	210,385
2030-2033	0	0	139,934	0	139,934
Total	<u>\$6,240,007</u>	<u>\$896</u>	<u>\$2,175,614</u>	<u>\$469,443</u>	<u>\$8,885,960</u>

**Note 14 – Transfers and Advances**

Interfund advances for the year ended December 31, 2004, consisted of the following:

Advance to	Advance from Other Nonmajor Governmental
General Fund	\$99,641

The above mentioned Advances From/To were repayments of 2003 advances from the General Fund to Other Nonmajor Governmental Funds.

**Perry County, Ohio**  
*Notes to the Basic Financial Statements*  
 December 31, 2004

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**Note 14 – Transfers and Advances (Continued)**

Interfund transfers for the year ended December 31, 2004, consisted of the following:

	Transfer from		
Transfer to	General	Other Nonmajor Governmental	Total
Major Funds:			
Motor Vehicle Gasoline Tax	\$9,374	\$0	\$9,374
Other Nonmajor Governmental	123,936	150,000	273,936
Total All Funds	\$133,310	\$150,000	\$283,310

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

**Note 15 – Jointly Governed Organizations**

A. Buckeye Hills-Hocking Valley Regional Development District

The Buckeye Hills-Hocking Valley Regional Development District (the District) serves as the Area Agency on Aging for Athens, Hocking, Meigs, Monroe, Morgan, Noble, Perry and Washington Counties. The District was created to foster a cooperative effort in regional planning, programming and implementing plans and programs. The District is governed by a fifteen member board of directors. The Board is composed of one county commissioner from each county, one member from the City of Athens, one member from the City of Marietta, four at-large members appointed from the ten government members, and one member from the minority sector. The Board has total control over budgeting, personnel, and all other financial matters. The continued existence of the District is not dependent upon the County's continued participation and no equity interest exists.

B. Coshocton-Fairfield-Licking-Perry Solid Waste District

The County is a member of the Coshocton-Fairfield-Licking-Perry Solid Waste District (the District). 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 District is governed and operated through three groups. A twelve-member board of directors, composed of three commissioners from each county, is responsible for the District's financial matters. Financial records are maintained by the Licking County Auditor. The District's sole revenue source is a waste disposal fee for in-district and out-of-district waste. Although the County contributed amounts to the District at the time of its creation, no additional contributions from the County are anticipated. A twenty-one member policy committee, composed of five members from each county and one at-large member appointed by the policy committee, is responsible for preparing the solid waste management plan of the District in conjunction with a sixteen-member Technical Advisory Council, whose members are appointed by the policy committee.

**Perry County, Ohio**  
*Notes to the Basic Financial Statements*  
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**Note 15 – Jointly Governed Organizations (Continued)**

The continued existence of the District is not dependent upon the County's continued participation, no equity interest exists, and no debt is outstanding.

**C. Mental Health and Recovery Services Board of Muskingum County**

The Mental Health and Recovery Services Board of Muskingum County (the Board) provides alcohol, drug addiction and mental health services and programs, primarily through contracts with private and public agencies. The Board also provides forensic evaluation services to adult felony courts, and residential services to youth experiencing emotional problems which prevent them from living at home. The Board serves Coshocton, Guernsey, Morgan, Perry, Muskingum, Noble, and Perry Counties and operates under the direction of an eighteen-member appointed Board. Each participating county has agreed to levy a tax within their county to assist in the operation of the Board. The Board also directly receives state and federal funding for its operations. Although the Muskingum County Auditor and County Treasurer are responsible for fiscal control of the resources of the Board, the Board is responsible for budgeting and accounting for the resources at its disposal. Membership on the Board is based upon Ohio law. The continued existence of the Board is not dependent upon the County's continued participation and no equity interest exists.

**D. Mid Eastern Ohio Regional Council of Governments (MEORC)**

The Mid Eastern Ohio Regional Council of Governments (MEORC) is a jointly governed organization which serves fourteen counties in Ohio. MEORC provides services to the mentally retarded and developmentally disabled residents in the participating counties. The Council is made up of the superintendents of each county's Board of Mental Retardation and Developmental Disabilities. Revenues are generated by fees and state grants. Continued existence of the Council is not dependent on the County's continued participation, and the County has no equity interest in or financial responsibility for the Council. The Council has no outstanding debt.

**E. Perry County Family and Children First Council**

The Perry County Family and Children First Council (the Council) is a jointly governed organization created under Ohio Rev. Code Section 121.37. The Council is made up of the following members: the Director of the Board of Alcohol, Drug Addiction, and Mental Health Services, the Health Commissioner, or the Commissioner's designee, of the Board of Health of each city and general health district in the County; the Director of the Department of Job and Family Services, the Director of the Perry County Children Services Board, the Superintendent of the Perry County Mental Retardation and Development Disabilities, the Juvenile Court Judge, Superintendent of Northern Local Schools, the New Lexington City Administrator, the President of the Perry County Commissioners, the State Department of Youth Services Regional representative, representative from the County Head Start Agencies, a representative of the County's Early Intervention Collaborative established pursuant to the federal early intervention program operated under the "Education of the Handicapped Act Amendments of 1986", and at least three individuals representing the interests of families in the County. The Perry County Auditor serves as the fiscal agent for the Council. The Perry Mental Retardation and Development Disabilities Board serves as the administrative agent for the Council. The continued existence of the Council is not dependent on the County's continued participation, no equity interest exists, and no debt is outstanding.

**F. Local Workforce Investment Board**

The Area #14 Local Workforce Investment Board (LWIB) was established July 1, 2004 to aid in the integration of Ohio's workforce development, pursuant to House Bill 470 and the Federal Workforce Investment Act of 1998.

**Perry County, Ohio**  
*Notes to the Basic Financial Statements*  
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**Note 15 – Jointly Governed Organizations (Continued)**

This is accomplished by bringing together business, education, and labor leaders to assess workforce needs of employers and training/education needs of job seekers. The LWIB is also charged with establishing fiscal control and fund account procedures to ensure the proper disbursement of and accounting for all funds received through the Workforce Investment Act. The Board consists of 27 members representing the following counties: Athens, Hocking, Meigs, Perry and Vinton. Each county has a minimum of one Chief Elected Official (CEO) and his/her appointees to the board. Appointees of the CEO are local business leaders, educators, as well as State mandated representatives from the respective county. In 2004, the County made no contributions to the Board. Continued existence of the Board is not dependent upon the County's continued participation, no equity interest exists, and no debt is outstanding.

**G. Fairfield, Hocking, Licking, and Perry Multi-County Juvenile Detention System**

The Fairfield, Hocking, Licking and Perry Multi-County Juvenile Detention System (the System) is a statutorily created political subdivision of the State. The operation of the System is controlled by a joint board of commissioners consisting of three commissioners from each participating County. The joint board of commissioners exercises total control over the System by budgeting, appropriating, contracting and designating management. The joint board of commissioners appoints a board of twelve trustees to operate the System. The System's continued existence is dependent upon the County's participation. The County has an ongoing financial responsibility and an equity interest exists. Should the County withdrawal, upon the recommendation of the County Juvenile Court Judge, it may sell or lease its interest in the System to another participating county.

**Note 16 – Insurance Purchasing Pools**

The County Risk Sharing Authority, Inc. (CORSA) is a shared risk pool among thirty-nine counties in Ohio. CORSA was formed as an Ohio non-profit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverage 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.

**Note 17 - Contingencies**

**A. Grants**

The County received financial assistance from federal and state agencies in the form of grants. The expenditures of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds.

**Perry County, Ohio**  
*Notes to the Basic Financial Statements*  
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**Note 17 – Contingencies (Continued)**

However, in the opinion of management, such disallowed claims, if any, will not have a material adverse effect on the overall financial position of the County at December 31, 2004.

B. Litigation

The County is party to several lawsuits and other litigation. The ultimate outcome of these issues cannot be determined at this time.

**Note 18 – PERCO, Inc**

The following are the PERCO, Inc. (PERCO) notes to the financial statements for the year ended December 31, 2004:

A. Nature of Activities

PERCO, a component unit of Perry County, Ohio, is a nonprofit corporation formed in 1973 under the laws of the State of Ohio. PERCO was formed to rehabilitate and train mentally retarded and developmentally disable adults in Perry County, Ohio within a sheltered workshop environment, and help clients strive for independence and work towards becoming contributing members of their communities.

An ongoing agreement with Perry County Board of Mental Retardation and Developmental Disabilities (currently renewed through January 13, 2006) provides PERCO with supervision and programming, and in-kind support in the form of personnel salaries and benefits.

B. Summary of Significant Accounting Policies

Basis of Accounting: The financial statements of PERCO have been prepared on the cash receipts and disbursements basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. Under that basis, the only asset recognized is cash, and no liabilities are recognized. All transactions are recognized as either cash receipts or disbursements, and non-cash transactions are not recognized.

Income Taxes: PERCO is a not-for-profit organization exempt from income taxes under Section 501(C)(3) of the Internal Revenue Code.

C. Cash

As of December 31, 2004, cash consisted of the following:  
At December 31, 2004, \$144,532 of cash was not covered by FDIC insurance.

	<u>2004</u>
Cash checking account – Peoples National Bank	<u>\$156,619</u>
Certificates of deposit	<u>236,008</u>
Total Cash	<u>\$392,627</u>

At December 31, 2004, \$144,532 of cash was not covered by FDIC insurance.

**Perry County, Ohio**  
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**Note 18 – PERCO, Inc (Continued)**

D. Concentrations

Sales are concentrated to the Perry and Hocking County, Ohio area.

In addition, PERCO received 46% of its cash receipts during 2004 from a recycling contract with Perry County.

**Note 19 – Subsequent Events**

On January 27, 2005, the Ohio Water Development Authority approved a loan in the amount of \$3,447,088 to finance the construction of water lines to serve 180 residential customers. On March 24, 2005, \$1,222,445 of this loan was used to repay an outstanding planning loan. The first payment is due on July 1, 2007.

PERRY COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2004

FEDERAL GRANTOR <i>Pass-Through Grantor Program Title</i>	Pass Through Grantor/Award Number	Federal CFDA Number	Expenditures	Noncash Expenditures
<b>UNITED STATES DEPARTMENT OF AGRICULTURE</b>				
<i>Passed through Ohio Department of Education.</i>				
<i>Nutrition Cluster:</i>				
Food Donation	N/A	10.550	\$	\$4,757
School Breakfast Program	N/A	10.553	10,733	
National School Lunch Program	N/A	10.555	19,266	
Total Nutrition Cluster			<u>29,999</u>	<u>4,757</u>
<i>Direct Program:</i>				
Forestry Incentives Program	N/A	10.064	<u>2,640</u>	
Total United States Department of Agriculture			32,639	0
<b>UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
<i>Passed Through Ohio Department of Development</i>				
Community Development Block Grant/States Program	B-C-01-059-01	14.228	155,590	
	B-F-02-059-01	14.228	53,500	
	B-F-03-059-01	14.228	130,537	
	B-W-01-059-01	14.228	56,100	
	B-W-02-059-01	14.228	91,069	
	B-X-02-059-01	14.228	79,094	
Total Community Development Block Grants/States Program			<u>565,890</u>	<u>0</u>
HOME Investments Partnershp Program		14.239	<u>171,416</u>	
Total United States Department of Housing and Urban Development			737,306	0
<b>UNITED STATES DEPARTMENT OF JUSTICE</b>				
<i>Direct Program:</i>				
Bulletproof Vest Partnership Program	N/A	16.607	<u>900</u>	
Total United States Department of Justice			900	0
<b>UNITED STATES DEPARTMENT OF TRANSPORTATION</b>				
<i>Direct Program:</i>				
Airport Improvement Program	3-39-0059-0203	20.106	404,804	
	3-39-0059-0304	20.106	63,998	
Total Airport Improvement Program			<u>468,802</u>	<u>0</u>
<i>Passed Through Ohio Department of Transportation</i>				
Highway Planning and Construction	20216	20.205	6,947	
<i>Passed Through Ohio Department of Public Safety:</i>				
State and Community Highway Safety	N/A	20.600	<u>4,377</u>	
Total United States Department of Transportation			480,126	0
<b>UNITED STATES FEDERAL TRANSIT ADMINISTRATION</b>				
<i>Passed Through Ohio Department of Transportation</i>				
Formula Grants for Other Than Urbanized Areas	RPT-4064-022-031	20.509	<u>40,204</u>	
Total United States Federal Transit Administration			40,204	0

PERRY COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2004  
(Continued)

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Pass Through Grantor/Award Number	Federal CFDA Number	Expenditures	Noncash Expenditures
<b>UNITED STATES GENERAL SERVICES ADMINISTRATION</b>				
<i>Passed through Ohio Secretary of State:</i>				
Election Reform Payments	04-SOS-HAVA-64	39.011	6,000	
Total United States General Services Administration			6,000	0
<b>UNITED STATES DEPARTMENT OF HOMELAND SECURITY</b>				
<i>Passed Through Ohio Department of Public Safety:</i>				
State Domestic Preparedness Equipment Support Program	2002-TE-CX-0106	97.004	18,342	
	2003-MUP-30015	97.004	101,884	
Total State Domestic Preparedness Equipment Support Program			120,226	0
Public Assistance Grants	DR-127-10261-00	97.036	184,091	
Total United States Department of Homeland Security			304,317	0
<b>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
<i>Passed Through Ohio Department of Mental Retardation and Developmental Disabilities:</i>				
Social Services Block Grant	N/A	93.667	40,159	
Medical Assistance Program	N/A	93.778	606,517	
Total United States Department of Health and Human Services			646,676	0
<b>UNITED STATES DEPARTMENT OF LABOR</b>				
<i>Workforce Investment Act Cluster:</i>				
<i>Passed Through Ohio Department of Job and Family Services:</i>				
WIA - Adult	N/A	17.258	173,598	
WIA - Adult (Administrative)	N/A		13,106	
<i>Passed Through Workforce Investment Act, Area 14</i>				
WIA - Adult	N/A	17.258	141,800	
WIA - Adult (Administrative)	N/A		4,984	
Total WIA - Adult			333,488	0
<i>Passed Through Ohio Department of Job and Family Services:</i>				
WIA - Youth	N/A	17.259	166,134	
WIA - Youth (Administrative)	N/A		17,584	
<i>Passed Through Workforce Investment Act, Area 14</i>				
WIA - Youth	N/A	17.259	157,127	
WIA - Youth (Administrative)	N/A		5,151	
Total WIA - Youth			345,996	0
<i>Passed Through Ohio Department of Job and Family Services:</i>				
WIA - Dislocated Worker	N/A	17.260	156,430	
WIA - Dislocated Worker (Administrative)	N/A		13,839	
<i>Passed Through Workforce Investment Act, Area 14</i>				
WIA - Dislocated Worker	N/A	17.260	62,947	
WIA - Dislocated Worker (Administrative)	N/A		2,786	
Total WIA - Dislocated Worker			236,002	0
Total Workforce Investment Act Cluster			915,486	0
Total United States Department of Labor			915,486	0
<b>Total Federal Awards Expenditures</b>			<b>\$3,163,654</b>	<b>\$4,757</b>

The accompanying Notes to the Schedule of Federal Awards Expenditures are an integral part of this Schedule.



**PERRY COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the County's federal award programs. The Schedule has been prepared on the cash basis of accounting, except expenditures of assistance passed through the Ohio Bureau of Employment Services Job Training Partnership Programs are presented on an accrual basis.

**NOTE B - SUBRECIPIENTS**

The County passes-through certain Federal assistance received from the United States Department of Housing and Urban Development to other governments or not-for-profit agencies (subrecipients). As described in Note A, the County records expenditures of Federal awards to subrecipients when paid in cash, except expenditures paid to JTPA subrecipients are recognized on an accrual basis.

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

**NOTE C - CHILD NUTRITION CLUSTER**

Program regulations do not require the County to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

**NOTE D - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS**

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

These loans are collateralized by mortgages on the property. At December 31, 2004, the gross amount of loans outstanding under this program was \$475,215.

**NOTE E - 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 expenditure of non-Federal matching funds is not included on the Schedule.

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Perry County  
105 N. Main Street  
New Lexington, Ohio 43764

To the Board of County Commissioners:

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Perry County, Ohio (the County), as of and for the year ended December 31, 2004, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 23, 2005, wherein we noted the County did not properly record encumbrances and the County has not prepared financial statements in accordance with accounting principles generally accepted in the United States of America. We also noted that we did not audit the financial statements of PERCO Inc., the County's only discretely presented component unit. Other auditors audited those financial statements. They have furnished their report thereon to us, and we base our opinion, insofar as it relates to the amounts included for PERCO Inc., on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the County's internal control over financial reporting to determine our auditing procedures in order to express our opinions on the basic financial statements and not to opine on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the County's ability to record, process, summarize and report financial data consistent with management's assertions in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings as items 2004-001, 2004-002 and 2004-008 through 2004-011.

A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. We consider reportable conditions 2004-001, 2004-002 and 2004-008 through 2004-010 listed above to be material weaknesses. In a separate letter to the County's management dated December 23, 2005, we reported other matters involving internal control over financial reporting which we did not deem reportable conditions.

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### **Compliance and Other Matters**

As part of reasonably assuring whether the County's basic financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2004-001 through 2004-008. In a separate letter to the County's management dated December 23, 2005, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of management, the Board of County Commissioners, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

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

**Betty Montgomery**  
Auditor of State

December 23, 2005



## Auditor of State Betty Montgomery

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

Perry County  
105 N. Main Street  
New Lexington, Ohio 43764

To the Board of County Commissioners:

#### Compliance

We have audited the compliance of Perry 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 apply to each of its major federal programs for the year ended December 31, 2004. The Summary of Auditor's Results Section of the accompanying Schedule of Findings identifies the County's major federal programs. The County's management is responsible for complying with the requirements of laws, regulations, contracts and grants applicable to each major federal program. 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 reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe 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, the County complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended December 31, 2004. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that OMB Circular A-133 requires us to report, which is described in the accompanying Schedule of Findings as item 2004-012.

#### Internal Control Over Compliance

The County's management 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 directly and materially affect a major federal program 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.

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Perry County  
Independent Accountants' Report on Compliance With Requirements  
Applicable to Each Major Federal Program and on Internal Control Over  
Compliance in Accordance With OMB Circular A-133

We noted a certain matter involving the internal control over compliance and its operation that we consider a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the County's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts, and grants. A reportable condition is described in the accompanying Schedule of Findings as item 2004-012.

A material weakness is a reportable 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 caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. We do not believe the reportable condition described above is a material weakness.

We intend this report solely for the information and use of management, the Board of County Commissioners, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



**Betty Montgomery**  
Auditor of State

December 23, 2005

PERRY COUNTY

SCHEDULE OF FINDINGS  
 OMB CIRCULAR A -133 § .505  
 DECEMBER 31, 2004

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Qualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iii)</b>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	Yes
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	Yes
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Community Development Block Grants/State's Program CFDA No. 14.228 Airport Improvement Program CFDA No. 20.106 Medical Assistance Program CFDA No. 93.778
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

PERRY COUNTY

SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2004  
(Continued)

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

**FINDING NUMBER 2004-001**

**Noncompliance Citation and Material Weakness – Annual Budget**

Ohio Rev. Code Section 5705.28(A)(2) provides that on or before July 15 of each year, the taxing authority of each subdivision or other taxing unit is required to adopt a tax budget for the next succeeding fiscal year. Sound fiscal management includes the preparation of a budget based on both estimated receipts and expenditures. The preparation of the budget should also include the original certificate of estimated resources.

The Board of County Commissioners did not adopt a tax budget for the 2004 fiscal year. Without a budget, the County had no spending plan to assure each department's expenditures were within estimated resources.

We recommend the Board adopt a tax budget for the next succeeding fiscal year on or before July 15.

**FINDING NUMBER 2004-002**

**Noncompliance Citation – Certification of Beginning Balances**

Ohio Rev. Code Sections 5705.36(A)(1)(a)-(b) require that, on or about the first day of each fiscal year, the fiscal officer of each subdivision and other taxing unit shall certify to the county auditor the total amount from all sources available for expenditures from each fund. The amount certified shall include any unencumbered balances that existed at the end of the preceding year, excluding any reserve balance in an account established under Ohio Rev. Code Section 5705.13, for the purpose described in division (A)(1) of that section, and excluding the principal of a nonexpendable trust fund established under Ohio Rev. Code Section 5705.131 and any additions to principal arising from sources other than the reinvestment of investment earnings arising from that fund.

The County Auditor did not certify the unencumbered beginning fund balances by fund at January 1, 2004.

During January 2004, the County Auditor issued its only amended certificate of estimated resources (the certificate) for 2004. Although the original certificate is required to be prepared when the budget is prepared and adopted, since no budget was adopted, the certificate issued during January 2004 was also the County's original certificate. The certificate included the unencumbered beginning fund balances and estimated receipts by fund type, rather than by fund.

We also determined that the Building, Water, and Airport Bond Retirement Fund had an unencumbered balance of \$44,862 that was not included in the certificate.

We recommend the County Auditor prepare the certification of unencumbered fund balances on or about the first day of each fiscal year and maintain this certification on file as evidence that this requirement has been met. The certification should be prepared once valid outstanding purchase commitments are determined and amounts should be reflected for each fund rather than fund type.



PERRY COUNTY

SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2004  
(Continued)

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

FINDING NUMBER 2004-003

**Noncompliance Citation and Material Weakness – Fiscal Officer’s Prior Certification**

Ohio Rev. Code Section 5705.41(D)(1) prohibits a subdivision or taxing authority from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer’s certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: “then and now” certificates, blanket certificates, and super blanket certificates, which are provided for in §§ 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. **“Then and Now” Certificate** - If the fiscal officer can certify that both at the time that the contract or order was made (“then”), and at the time that the fiscal officer is completing the certification (“now”), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority (Board of County Commissioners) can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has thirty days from the receipt of the “then and now” certificate to approve payment by ordinance or resolution. Amounts of less than \$100 for counties may be paid by the fiscal officer without a resolution or ordinance upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the County.
2. **Blanket Certificate** – Fiscal officers may prepare “blanket” certificates not exceeding \$5,000 against any specific line item account over a period not exceeding three months or running beyond the current year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation. Effective September 26, 2003, certificates may not exceed an amount established by resolution or ordinance of the legislative authority, and cannot extend beyond the end of the fiscal year. Blanket certificates cannot be issued unless there has been an amount approved by the legislative authority for the blanket.
3. **Super Blanket Certificate** – The County may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line-item appropriation.

The County did not certify the availability of funds prior to purchase commitments being incurred for 25% of the expenditures tested randomly nor for 54% of expenditures tested for the Airport Improvement Program grant. There was no evidence that the County Auditor followed the aforementioned exceptions. It was not practical to determine the extent of valid outstanding purchase commitments where the County Auditor’s certification should have been obtained and appropriations encumbered.

PERRY COUNTY

SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2004  
(Continued)

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

**FINDING NUMBER 2004-003 (Continued)**

**Noncompliance Citation and Material Weakness – Ohio Rev. Code Section 5705.41(D)(1) - Fiscal Officer’s Prior Certification (Continued)**

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. During 2004, this resulted in the County exceeding budgetary spending limitations as more fully discussed in Finding Number 2004-004. To improve controls over disbursements and to help reduce the possibility of expenditures exceeding appropriations, we recommend the County Auditor certify that funds are or will be available prior to an obligation being incurred by the County. In rare instances when prior certification is not possible, “then and now” certification should be used.

**FINDING NUMBER 2004-004**

**Noncompliance Citation – Expenditures Exceeding Appropriations**

Ohio Rev. Code Section 5705.41(B) prohibits each subdivision and taxing authority from expending money unless it has been appropriated.

Expenditures exceeded appropriations for the following funds and amounts for the year ended December 31, 2004:

<u>Fund</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
Joint County Health Plan Fund	\$0	\$2,805,711	(\$2,805,711)
Northern Perry County Water Fund	\$432,460	\$455,872	(\$23,412)
Comprehensive Mental Health Fund	\$233,100	\$240,358	(\$7,258)

In addition, we noted that expenditures exceeded appropriations during the year at the legal level of control, in various accounts, in the following funds:

<u>Fund/Department</u>	<u>Month(s)</u>	<u>Maximum Variance</u>
Worker's Compensation Fund	March-October 2004	(\$22,000)
Perry County Airport Fund	March 2004	(\$32,249)
General Fund/Maintenance	July-November 2004	(\$73,798)
Bank Building Fund	July-August 2004	(\$900)
General Fund/Clerk of Courts	October-November 2004	(\$12,615)

We recommend the County Auditor deny payment requests unless sufficient appropriations exist. Sufficient appropriations must exist not only at the fund level, but also at the object level, which is the legal level of control for the County. In addition, we recommend County management monitor expenditures and appropriations at the object level to assure that sufficient appropriations exist for the County’s future needs.

PERRY COUNTY

SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2004  
(Continued)

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

FINDING NUMBER 2004-005

Noncompliance Citation – Appropriations Exceeded Beginning Balance Plus Actual Receipts

Ohio Rev. Code Section 5705.36(A)(2) allows subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. Ohio Rev. Code Section 5705.36(A)(3) requires an increased amended certificate be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue. Ohio Rev. Code Section 5705.36(A)(4) requires that a reduced amended certificate be obtained if the amount of the deficiency will reduce available resources below the current level of appropriation.

For the year ended December 31, 2004, appropriations exceeded the beginning balance plus actual receipts as follows:

<u>Fund</u>	<u>Amount</u>
Deputy in Schools	(\$19,816)
Deputy for County and Township Roads	(\$58,617)
OWDA Buckeye Lake Loan	(\$603,690)
Community Development Block Grant	(\$496,542)
Northern Perry County Water Bond Retirement	(\$744)
Waterline Extension	(\$11,439)
Marriage License	(\$637)
ALPHA-ILG	(\$3,451)
Clerk of Courts Computerization	(\$2,624)
Computerization	(\$1,747)
County Court Computerization	(\$13,175)
Enforcement and Education	(\$973)
RSVP	(\$881)
Local Emergency Planning	(\$479)
Juvenile Court Legal Computerization	(\$1,457)
Probate Court Computerization	(\$2,277)
Juvenile Court Computerization	(\$2,340)
Recorders Equipment	(\$6,041)
Group Home	(\$52,078)
Sheriff National Forest Service	(\$463)
Perry County Transit System	(\$690)
Juvenile/Americorps	(\$3,072)
Perry County Archives	(\$34,926)
PCJC/CASA Program	(\$3,402)
Juvenile Court Special Projects	(\$23,000)
Bank Building	(\$7,007)
Building, Water, Airport Bond Retirement	(\$42,787)
Multi-County Juvenile Facility	(\$14,921)
Ceramic Sewer	(\$765)

PERRY COUNTY

SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2004  
(Continued)

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

**FINDING NUMBER 2004-005 (Continued)**

**Noncompliance Citation – Ohio Rev. Code Section 5705.36(A)(2) - Appropriations Exceeded Beginning Balance Plus Actual Receipts (Continued)**

Failure to obtain reduced amended certificates of estimated resources and to make corresponding reductions in appropriations resulted in deficit spending, as more fully explained in Finding Number 2004-006.

We recommend the County Auditor and County Commissioners review budgeted and actual receipts each month to determine whether amended certificates of estimated resources are needed. When it is known that actual receipts will fall short of estimates, the County should obtain a reduced amended certificate for the deficiency and reduce appropriations accordingly.

**FINDING NUMBER 2004-006**

**Noncompliance Citation – Appropriations in Excess of Estimated Resources**

Ohio Rev. Code Section 5705.36(A)(5) provides that the total appropriations made during a fiscal year from any fund must not exceed the amount contained in the certificate of estimated resources or the amended certificate of estimated resources which was certified prior to making the appropriation or supplemental appropriation. Ohio Revised Code Section 5705.39 prohibits total appropriations in each fund from exceeding total estimated resources. No appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

During 2004, the County amended appropriations for various funds; however, as more fully discussed in Finding Number 2004-002, the County has been unable to provide evidence that corresponding amended certificates of estimated resources, approved by the County Budget Commission, were obtained. In addition, the County was unable to provide evidence that a comparison of appropriations and estimated resources was performed. This comparison is necessary so that the County Budget Commission can certify that the total appropriations from each fund do not exceed the total estimated resources. There were no such certifications presented for audit.

This resulted in appropriations exceeding estimated resources in the following funds and amounts as of December 31, 2004:

PERRY COUNTY

SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2004  
(Continued)

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

**FINDING NUMBER 2004-006 (Continued)**

**Noncompliance Citation – Ohio Rev. Code Section 5705.36 (A)(5) - Appropriations in Excess of Estimated Resources (Continued)**

<b>Fund</b>	<b>Amount</b>
General Fund	\$102,970
Worker's Compensation Fund	\$117,242
Deputy in Schools Fund	\$6,091
Deputy for County and Township Roads Fund	\$33,617
Public Assistance Fund	\$1,323,109
Workforce Investment Act Fund	\$483,859
OWDA Buckeye Lake Loan Fund	\$171,858
Burr Oak and Perry County Fund	\$34,983
Child Support Fund	\$90,328
Community Development Block Grant Fund	\$487
EMA/Office of Homeland Security Fund	\$177,761
Probate Court Computerization Fund	\$2,236
Probate Conduct of Business Fund	\$48
Juvenile/Americorps Fund	\$2,409
Airport Fund	\$563,268
Senior Nutrition Center Fund	\$16,449
Law Enforcement Overtime Grant Fund	\$5,191
MRDD Capital Improvements Fund	\$19,223
Multi County Juvenile Facility Fund	\$13,669
Ceramic Sewer Fund	\$2,500
Northern Perry County Sewer Fund	\$1,975

We recommend the County Auditor limit appropriations to available estimated resources as appropriations in excess of estimated resources could result in deficit spending. Prior to the Board of County Commissioners adopting any supplemental appropriations, the County Auditor should compare supplemental appropriations to be adopted with estimated resources. In those cases where supplemental appropriations will be in excess of estimated resources, then increased amended certificates should be obtained or the Board should refrain from adopting supplemental appropriations.

**FINDING NUMBER 2004-007**

**Noncompliance Citation – Negative Fund Balances**

Ohio Rev. Code Section 5705.10 requires, in part, that money paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund.

The following funds had negative fund balances in the following ranges at each month's end during 2004:

PERRY COUNTY

SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2004  
(Continued)

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

**FINDING NUMBER 2004-007 (Continued)**

**Noncompliance Citation – Ohio Rev. Code 5705.10 - Negative Fund Balances (Continued)**

<u>Fund</u>	<u>From</u>	<u>To</u>
General Fund	(\$45,647)	(\$160,583)
Self Insurance Fund	(\$97,244)	(\$97,244)
Clerk of Courts Computer Fund	(\$587)	(\$5,146)
Computerization Fund	(\$1,012)	(\$6,562)
Community Development Block Grant Fund	(\$3,347)	(\$3,347)
Senior Center Fund	(\$3,787)	(\$70,459)
Archives Fund	(\$1,431)	(\$25,349)
Multi-County Juvenile Center Fund	(\$1,252)	(\$15,012)
Bank Building Fund	(\$72,740)	(\$88,223)
RSVP Fund	(\$388)	(\$4,147)
Airport Fund	(\$264)	(\$6,764)
Deputy for Township and County Roads Fund	(\$2,150)	(\$2,300)
Child Support Enforcement Agency Fund	(\$1,011)	(\$1,011)
Joint County Health Plan Fund	(\$22,114)	(\$73,967)
MRDD Fund	(\$8,112)	(\$8,112)
EMA/Office of Homeland Security Fund	(\$10,610)	(\$32,425)
Senior Nutrition Fund	(\$4,364)	(\$4,364)
Litter Control Fund	(\$2,144)	(\$2,144)
Law Enforcement Overtime Grant Fund	(\$4,333)	(\$4,333)

We recommend the County Auditor refrain from deficit spending by implementing those recommendations included in Findings 2004-001 through 2004-006 above.

**FINDING NUMBER 2004-008**

**Noncompliance Citation and Material Weakness**

Ohio Rev. Code Section 117.38 provides that each public office shall file a financial report for each fiscal year. The auditor of state may prescribe forms by rule or may issue guidelines, or both, for such reports. If the auditor of state has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative Code Section 117-2-03 further clarifies the requirements of Ohio Rev. Code Section 117.38.

PERRY COUNTY

SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2004  
(Continued)

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

**FINDING NUMBER 2004-008 (Continued)**

**Noncompliance Citation and Material Weakness – Ohio Rev. Code Section 117.38 (Continued)**

Ohio Administrative Code Section 117-2-03(B) requires the County to prepare its annual financial report in accordance with generally accepted accounting principles. However, the County prepares its financial statements in accordance with standards established by the Auditor of State for governmental entities not required to prepare annual reports in accordance with generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Rev. Code Section 117.38, the County may be fined and various other administrative remedies may be taken against the County for its failure to file the required financial report.

We recommend the County prepare its annual financial report in accordance with generally accepted accounting principles.

**FINDING NUMBER 2004-009**

**Material Weakness – Valid Purchase Commitments**

In addition to the County incurring purchase commitments without first obtaining the County Auditor's certification that funds are available as explained in Finding Number 2004-003, significant encumbrances existed at January 1, and December 31, 2004 which were not supported by valid outstanding purchase commitments.

As a result, certain amounts reported as prior year carryover appropriations or as December 31, 2004 encumbrances on the budgetary statements were not supported by valid outstanding purchase commitments. It was not practical to determine the extent of valid outstanding purchase commitments at December 31, 2004. The practice of encumbering large amounts of appropriations at year end when valid outstanding purchase commitments do not exist and then canceling encumbrances in the subsequent year weakens the Board of County Commissioners' budgetary control over expenditures.

We recommend only outstanding valid purchase commitments be encumbered and the practice of encumbering large amounts of appropriations at year end that are not supported by outstanding valid purchase commitments be discontinued.

**FINDING NUMBER 2004-010**

**Material Weakness – Monitoring by Board of County Commissioners**

The County Auditor's Office provided the Board of County Commissioners, on a monthly basis, a copy of the Revenue Status Report, Expense Status Report and Statement of Cash Position Report for the Board's review. The status reports included budget information to allow Board members to monitor budget versus actual activity. However, there was no evidence that these reports had been reviewed by the Commissioners.

As a result, budgetary issues occurred throughout 2004, as described in Findings 2004-001 through 2004-007, and 2004-009, for which corrective action had not been taken in a timely manner.

PERRY COUNTY

SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2004  
(Continued)

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

**FINDING NUMBER 2004-010 (Continued)**

**Material Weakness – Monitoring by Board of County Commissioners (Continued)**

We recommend the Board of County Commissioners document in its minutes the discussion of its review of the monthly reports and the actions to be taken to avoid or correct budgetary violations. As evidenced by the number of budgetary violations that were noted in previous audits and by those cited in this report, a more proactive, concerted approach is needed by the Board and County Auditor in order to prevent future noncompliance and restore budgetary integrity.

**FINDING NUMBER 2004-011**

**Reportable Condition – Self Insurance Account**

The timely reconciliation of bank balances to book balances is a key procedure to help identify errors and/or irregularities which may have occurred and to prevent them from occurring in the future. During 2004, the County failed to obtain all the necessary documentation in order to perform bank reconciliations for the self insurance bank account and did not maintain evidence to indicate that bank reconciliations had been performed.

Failure to prepare timely bank reconciliations could allow errors and/or irregularities to occur and remain undetected by management.

We recommend bank reconciliations for the self insurance account be performed and reviewed on a monthly basis in order to provide assurances that all transactions have been recorded and that transactions recorded have been recorded in the proper amounts. The necessary reports should be obtained from the County's insurance agent. Once the reconciliations are performed, then the County Auditor should sign and date them, as evidence of his review and approval.



**PERRY COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2004  
(Continued)**

<b>3. FINDINGS FOR FEDERAL AWARDS</b>
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<b>Finding Number</b>	2004-012
<b>CFDA Title and Number</b>	Food Donation – CFDA No. 10.550 Bulletproof Vest Partnership Program – CFDA No. 16.607 Highway Planning and Construction – CFDA No. 20.205 State and Community Highway Safety – CFDA No. 20.600 Election Reform Payments – CFDA No. 39.011 Workforce Investment Act Cluster – CFDA No. 17.258 to 17.260
<b>Federal Award Number / Year</b>	See the Schedule of Federal Awards Expenditures
<b>Federal Agency</b>	U.S. Department of Agriculture (CFDA No. 10.550) U.S. Department of Justice (CFDA No. 16.607, Direct Program) U.S. Department of Transportation (CFDA Nos. 20.205, 20.600) U.S. General Services Administration (CFDA No. 39.011) U.S. Department of Labor (CFDA Nos. 17.258 to 17.260)
<b>Pass-Through Agency</b>	Workforce Investment Act, Area 14 Ohio Department of Education Ohio Department of Transportation Ohio Department of Public Safety Ohio Secretary of State Ohio Department of Job and Family Services

**Noncompliance Citation and Reportable Condition – Completion of the Schedule of Federal Expenditures**

Office of Management and Budget (OMB) Circular A-133.300(a) requires each recipient to identify in its accounts all federal awards received and expended and the federal programs under which they were received, including, as applicable, the CFDA title and number, the award number and year, the name of the federal agency and the name of the pass-through entity. According to OMB Circular A-133.205(a), the determination of when an award is expended is based on when the activity related to the award occurs. Generally, the activity pertains to events that require the non-federal entity to comply with laws, regulations, and the provisions of contracts or grant agreements, such as: expenditure/expense transactions associated with grants, cost-reimbursement contracts, cooperative agreements, and direct appropriations; the disbursement of funds passed through to subrecipients; the use of loan proceeds under loan and loan guarantee programs; the receipt of property; the receipt of surplus property; the receipt or use of program income, the distribution or consumption of food commodities; the disbursement of amounts entitling the non-Federal entity to an interest subsidy; and, the period when insurance is in force.

When performing tests to assure the completeness of the County’s Schedule of Federal Awards Expenditures (the Schedule), we identified the Food Donation, the Bulletproof Vest Partnership Program, the Highway Planning and Construction Grant, the State and Community Highway Grant, the Election Reform Payments Grant and the Workforce Investment Act Cluster which were not previously identified as Federal programs by the County. As a result of the County not identifying these Federal programs, the original Schedule was incomplete and it was necessary for us to perform additional procedures to assure the completeness of the Schedule. The Federal program expenditures which had not been previously reported to us were in the total amount of \$938,467 (30% of total federal expenditures) and are now included on the Schedule.

PERRY COUNTY

SCHEDULE OF FINDINGS  
*OMB CIRCULAR A -133 § .505*  
DECEMBER 31, 2004  
(Continued)

**3. FINDINGS FOR FEDERAL AWARDS (Continued)**

**FINDING NUMBER 2004-012 (Continued)**

**Noncompliance Citation and Reportable Condition – Completion of the Schedule of Federal Expenditures (Continued)**

We recommend the Board of County Commissioners adopt a policy requiring any County department that receives Federal funding to file a copy of all grant documents with the Board and notify the County Auditor of the grant specifications so that the County Auditor can assure the necessary funds have been established and the proper budgetary measures have been taken. The policy should also require each department administering Federal programs to report to the County Auditor a summary of each program's financial activity for the year, the Catalog of Federal Domestic Assistance (CFDA) number and the grant pass-through number. In the case of grants being administered on a reimbursement basis, local monies are typically advanced and Federal expenditures actually occur prior to the receipt of Federal monies and must still be reported on the Schedule as Federal expenditures.

**PERRY COUNTY**

**CORRECTIVE ACTION PLAN  
OMB CIRCULAR A -133 § .315(c)  
DECEMBER 31, 2004**

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2004-001	The County management intends to adopt a tax budget as required.	Effective for fiscal year ending December 31, 2006	Larry Householder, County Auditor
2004-002	The County management intends to adopt procedures which require certification prior to unencumbered balances being carried over.	Effective for fiscal year ending December 31, 2006	Larry Householder, County Auditor
2004-003	The County management intends to implement procedures to properly certify the availability of funds prior to purchase commitments.	Effective for fiscal year ending December 31, 2005	Larry Householder, County Auditor
2004-004	The County management intends to adopt procedures which require appropriating monies prior to being obligated.	Effective for fiscal year ending December 31, 2005	Larry Householder, County Auditor
2004-005	The County management intends to review budgeted and actual receipts to determine whether amended certificates of estimated resources are needed.	Effective for fiscal year ending December 31, 2005	Larry Householder, County Auditor
2004-006	The County management intends to eliminate paying expenses from one fund which should be paid from another.	Effective for fiscal year ending December 31, 2005	Larry Householder, County Auditor
2004-007	The County management intends to monitor budgetary activity to ensure that total appropriations do not exceed total estimated resources.	Effective for fiscal year ending December 31, 2005	Larry Householder, County Auditor
2004-008	The County management intends to prepare its annual report on an other comprehensive basis of accounting due to the costs associated with the compilation and audit of financial statements prepared in accordance with generally accepted accounting principles.	Effective for fiscal year ending December 31, 2005	Larry Householder, County Auditor
2004-009	The County management intends to discontinue the practice of carrying over purchase orders which do not represent valid purchase commitments.	Effective for fiscal year ending December 31, 2005	Larry Householder, County Auditor
2004-010	The County management intends to adopt a more proactive approach to monitor budgetary activity.	Effective for fiscal year ending December 31, 2005	Larry Householder, County Auditor
2004-011	The County management intends to prepare and review the reconciliations for the self insurance account.	Effective for fiscal year ending December 31, 2005	Larry Householder, County Auditor
2004-012	The County management intends to implement procedures to identify all federal receipts as well as those expenditures which will be reimbursed with Federal dollars.	Effective for fiscal year ending December 31, 2005	Larry Householder, County Auditor

PERRY COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
 OMB CIRCULAR A -133 § .315(b)  
 DECEMBER 31, 2004

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i> :
2003-001	A material noncompliance citation was issued under Ohio Rev. Code Section 117.38 and Ohio Admin. Code Section 117-2-03 (B) for failure to prepare and submit an annual financial report prepared in accordance with GAAP.	No	Although the County contracted to have its 2004 annual report prepared to resemble GASB 34 statements, noncompliance still exists and is repeated as Finding 2004-008.
2003-002	A material noncompliance citation was issued under Ohio Rev. Code Section 5705.36(A)(1) for the improper issuance of amended certificates of estimated resources.	No	This citation was repeated in the Schedule of Findings as finding number 2004-002.
2003-003	A material noncompliance citation was issued under Ohio Rev. Code Section 5705.39 for appropriations in excess of total estimated resources.	No	This citation was repeated in the Schedule of Findings as finding number 2004-006.
2003-004	A material noncompliance citation was issued under Ohio Rev. Code Section 5705.41 (B) for expenditures exceeding appropriations.	No	This citation was repeated in the Schedule of Findings as finding number 2004-004.
2003-005	A material noncompliance citation was issued under Ohio Rev. Code Section 5705.41(D)(1) for failure to obtain the fiscal officer's prior certification.	No	This citation was repeated in the Schedule of Findings as finding number 2004-003.
2003-006	A material weakness was issued for encumbering amounts which were not represented by valid purchase commitments.	No	This material weakness was repeated in the Schedule of Findings as finding number 2004-009.

PERRY COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
 OMB CIRCULAR A -133 § .315(b)  
 DECEMBER 31, 2004  
 (Continued)

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i> :
2003-007	A reportable condition was issued for the Board of County Commissioners to review and initial each voucher.	No	However, this reportable condition will not be repeated as the current County Auditor is taking a more active role in monitoring disbursements.
2003-008	A material noncompliance citation was issued under Ohio Rev. Code Section 5705.10 for paying expenses from a fund for purposes other than which such fund had been established.	No	This citation was repeated in the Schedule of Findings as finding number 2004-007.
2003-009	A reportable condition was issued since bank reconciliations had not been performed on the self insurance bank account.	No	This reportable condition was repeated in the Schedule of Findings as finding number 2004-011.
2003-010	A material weakness was issued regarding the lack of monitoring by the Board of County Commissioners.	No	This material weakness was repeated in the Schedule of Findings as finding number 2004-010.
2003-011	A material weakness and material noncompliance citation was issued concerning cash management of the Community Development Block Grant Program.	Yes	This material weakness and material noncompliance citation was corrected.





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## **FINANCIAL CONDITION**

### **PERRY COUNTY**

#### **CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 19, 2006**