

Adams County

Single Audit

January 1, 2006 through December 31, 2006

Fiscal Year Audited Under GAGAS: 2006

BALESTRA, HARR & SCHERER, CPAs, INC.
528 South West Street, P.O. Box 687
Piketon, Ohio 45661

Telephone (740) 289-4131
Fax (740) 289-3639, www.bhscpas.com



Mary Taylor, CPA

Auditor of State

Board of County Commissioners
Adams County
110 West Main Street
West Union, Ohio 45693

We have reviewed the *Independent Auditor's Report* of Adams County prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2006 through December 31, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

August 7, 2007

This Page is Intentionally Left Blank.

ADAMS COUNTY
TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Independent Auditor's Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets – Cash Basis.....	10
Statement of Activities – Cash Basis.....	11
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances and Cash Receipts, Cash Disbursements and Changes in Fund Balances-Governmental funds-Cash Basis.....	12
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – General Fund.....	13
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – MRDD Fund.....	14
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – Public Assistance Fund.....	15
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – Motor Vehicle Gasoline Fund	16
Statement of Cash Basis Assets and Net Cash Assets And Cash Receipts, Cash Disbursements and Changes In Net Cash Assets – Proprietary Funds – Cash Basis.....	17
Statement of Fiduciary Net Assets – Cash Basis.....	18
Notes to the Basic Financial Statements.....	19
Schedule of Federal Awards Expenditures.....	38
Notes to the Schedule of Federal Awards Expenditures	40
Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Based On an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	41
Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.....	43
Schedule of Findings and Questioned Costs – OMB Circular A-133 .§ .505	45
Schedule of Prior Audit Findings – OMB Circular A-133 § .315(b)	50
Corrective Action Plan – OMB Circular A-133 § .315(c)	51

BALESTRA, HARR & SCHERER, CPAs, INC.
528 South West Street, P.O. Box 687
Piketon, Ohio 45661

Telephone (740) 289-4131
Fax (740) 289-3639
www.bhscpas.com

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

Independent Auditor's Report

County Commissioners
Adams County
110 West Main Street
West Union, Ohio 45693

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 Adams County, Ohio, (the County) as of and for the year ended December 31, 2006, 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 Venture Productions, Inc., which is included as a discrete presentation in the County's basic financial statements. These financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion insofar as it relates to the amounts included for Venture Productions, Inc., is based solely on the report of 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide 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 cash basis of accounting. This is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclose that, while we presume material, cannot be determined at this time.

The County's financial statements do not include all receipts, disbursements and cash balances related to the Ambulance and EMS Special Revenue Fund (fund 010) which should be included in the Adams County financial statements. There was insufficient documentation to support the completeness of these amounts. However, based on available documentation, had the omitted funds been included, the governmental activities net assets, and all other governmental funds balance as of December 31, 2006 would have increased by approximately \$514,914 and governmental activities and all other governmental funds receipts and disbursements would have increased approximately \$921,245 and \$767,210 respectively.

County Commissioners
Adams County Financial Condition
Independent Auditor's Report
Page 2

Additionally, the County did not include proprietary fund statements for the Adams County Hospital in its cash basis statements or business-type activities. Therefore in our opinion, the County's financial statements do not present fairly the financial position of the business-type activities and proprietary funds of the County as of December 31, 2006 or the changes in its cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 2.

In our opinion, based on our audit report and the report of other auditors, except for the omission of the Ambulance and EMS Special Revenue Fund receipts, disbursements and cash balances referred to above, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of December 31, 2006, and the respective changes in cash basis financial position and the respective budgetary comparison for the General Fund, MRDD Fund, Public Assistance Fund, and Motor Vehicle Gasoline Tax Fund, thereof for the year then ended in conformity with the accounting basis Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2007, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion 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* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 9 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The schedule of federal awards expenditures is required by the 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. The schedule of federal awards expenditures has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

As described in Note 15, the County implemented Governmental Accounting Standard Board Statement Number 46, *Net Assets Restricted by Enabling Legislation*.



Balestra, Harr & Scherer, CPAs, Inc.
June 30, 2007

Adams County
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

The discussion and analysis of Adams County's financial performance provides an overview of the County's financial activities for the fiscal year ended December 31, 2006, within the limitations of the County's cash basis of accounting. Please read this in conjunction with the County's basic financial statements that begin on page 10.

Financial Highlights

Key financial highlights for 2006 are as follows:

Overall:

Total net assets increased \$1,300,692 with Governmental Activities increasing by \$1,316,018 and Business-Type Activities decreasing by \$15,326.

Total cash receipts were \$22,965,096 in 2006.

Total cash disbursements were \$21,664,404 in 2006.

Governmental Activities:

Total program cash receipts were \$14,627,943 in 2006, while program cash disbursements were \$21,606,791.

Program cash disbursements were primarily composed of Human Services, Health, Public Works, General Government – Legislative and Executive, and Public Safety related cash disbursements which were \$7,103,394, \$3,140,026, \$3,091,589, \$2,386,818, and \$2,378,331 respectively, in 2006.

Business-Type Activities:

Program cash receipts were \$42,287 for Business Activities, while corresponding cash disbursements were \$57,613.

Using this Basic Financial Report

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the County's cash basis of accounting.

The *Statement of Net Assets-Cash Basis* and *Statement of Activities-Cash Basis* provide information about the activities of the whole County, presenting an aggregate view of the County's cash basis finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed and what remains for future spending on a cash basis. The fund financial statements also look at the County's most significant funds with all other non-major funds presented in total in one column. In the case of Adams County, the General Fund, the Motor Vehicle Gas Tax Fund, the Public Assistance Fund, and the Adams County Board of Mental Retardation and Developmental Disabilities (MR/DD) Fund are the most significant funds and have been presented as major funds.

Adams County
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

Reporting the County as a Whole

The County's Reporting Entity Presentation

This annual report includes all activities for which Adams County is fiscally responsible. These activities, defined as the County's reporting entity, are operated within separate legal entities that make up the primary government and one other separate legal entity that is presented as a component unit. The primary government consists of Adams County. The component unit presentation includes Venture Productions, Inc.

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the County to provide programs and activities, the view of the County as a whole looks at all cash basis financial transactions and asks the question, "How did we do financially during 2006?" The Statement of Net Assets and the Statement of Activities report information about the County as a whole and about its activities in a way that helps answer this question. These statements include *only net assets* using the *cash basis of accounting*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid. These two statements report the County's *net assets* and changes in those assets. This change in net assets is important because it tells the reader whether, for the County as a whole, the *cash basis financial position* of the County has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the County's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, mandated federal and state programs and other factors.

As a result of the use of the 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 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. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

In the Statement of Net Assets and the Statement of Activities, the County is divided into three distinct 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, conservation and recreation, capital outlay, and debt service.

Business-Type Activities – These services are provided on a charge for goods or services basis to recover all of the cash disbursements of the goods or services provided. The County's wastewater treatment program and the airport are reported as business activities.

Component Unit Activities – Although Venture Productions, Inc. is a separate legal entity, the County includes their activities since the County is financially accountable for this entity.

Adams County
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

Reporting the County's Most Significant Funds

Fund Financial Statements

The analysis of the County's major funds begins on page 8. Fund financial statements provide detailed information about the County's major funds. The County uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the County's most significant funds. The County's most significant funds that have been presented as major governmental funds are the General fund, the Motor Vehicle Gas Tax fund, the Public Assistance fund and the MR/DD fund.

Governmental Funds Most of the County's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The governmental fund statements provide a detailed view of the County's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer cash basis financial resources that can be readily spent to finance various County programs. Since the County is reporting on the cash basis of accounting, there are no differences in the Net Assets and cash basis fund balances or changes in Net Assets and changes in cash basis fund balances. Therefore, no reconciliation is necessary between such financial statements. However, differences will be apparent when comparing gross receipts and disbursements on the Fund Financial Statements to the Statement of Activities due to transfers and advances netted on the Statement of Activities. See Note 2 to the basic financial statements entitled *Government-Wide Financial Statements*.

Proprietary Funds The County's proprietary funds use the same basis of accounting (cash basis) as business-type activities; therefore, these statements will essentially match the information provided in statements for the County as a whole.

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is the cash basis of accounting. The County's only fiduciary funds are agency funds.

The County as a Whole

Recall that the Statement of Net Assets provides the perspective of the County as a whole. Table 1 provides a summary of the County's Net Assets for 2006 as compared to 2005:

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Totals	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Assets						
Equity in Pooled Cash & Cash Equivalents	\$ 9,000,126	\$ 7,684,108	\$ 9,084	\$ 24,410	\$ 9,009,210	\$ 7,708,518
Total Assets	9,000,126	7,684,108	9,084	24,410	9,009,210	7,708,518
Net Assets						
Restricted	7,899,871	6,741,039	-	-	7,899,871	6,741,039
Unrestricted	1,100,255	943,069	9,084	24,410	1,109,339	967,479
Total Net Assets	\$ 9,000,126	\$ 7,684,108	\$ 9,084	\$ 24,410	\$ 9,009,210	\$ 7,708,518

Total net assets increased by \$1,300,692 due primarily to decreases in cash disbursements for public works, human services, and capital outlay.

Adams County
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

Table 2 shows the changes in Net Assets for fiscal year 2006 as compared to 2005.

Table 2
Changes in Net Cash Assets

	Governmental Activities		Business-Type Activities		Totals	
	2006	2005	2006	2005	2006	2005
Cash Receipts						
<i>Program Cash Receipts</i>						
Charges For Services	\$ 3,127,885	\$ 2,474,417	\$ 42,287	\$ 44,946	\$ 3,170,172	\$ 2,519,363
Operating Grants and Contributions	10,865,553	10,085,549	-	-	10,865,553	10,085,549
Capital Grants and Contributions	634,505	1,512,610	-	-	634,505	1,512,610
Total Program Cash Receipts	14,627,943	14,072,576	42,287	44,946	14,670,230	14,117,522
<i>General Cash Receipts and Advances</i>						
Property Taxes	3,768,104	3,355,627	-	-	3,768,104	3,355,627
Sales Taxes	2,216,001	2,017,952	-	-	2,216,001	2,017,952
Grants and Entitlements Not Restricted to Specific Programs	1,297,033	1,305,656	-	-	1,297,033	1,305,656
Miscellaneous	755,502	335,475	-	-	755,502	335,475
Interest	251,100	97,710	-	-	251,100	97,710
Proceeds from Sale of Notes	-	331,145	-	-	-	331,145
Proceeds from Sale of Bonds	-	84,361	-	-	-	84,361
Other Financing Sources (Uses), Net	-	174,062	-	-	-	174,062
Advances In/(Out) Net	7,126	(7,126)	-	-	7,126	(7,126)
Total General Cash Receipts and Advances	8,294,866	7,694,862	-	-	8,294,866	7,694,862
Total Cash Receipts	22,922,809	21,767,438	42,287	44,946	22,965,096	21,812,384
Cash Disbursements						
<i>Program Cash Disbursements</i>						
General Government						
Legislative and Executive	2,386,818	2,447,032	-	-	2,386,818	2,447,032
Judicial	1,260,190	1,264,270	-	-	1,260,190	1,264,270
Public Safety	2,378,331	2,290,417	-	-	2,378,331	2,290,417
Public Works	3,091,589	5,005,580	-	-	3,091,589	5,005,580
Health	3,140,026	2,562,879	-	-	3,140,026	2,562,879
Human Services	7,103,394	7,171,239	-	-	7,103,394	7,171,239
Conservation and Recreation	10,403	10,578	-	-	10,403	10,578
Other	1,380,574	888,506	-	-	1,380,574	888,506
Capital Outlay	588,742	1,528,072	-	-	588,742	1,528,072
Debt Service:						
Principal Retirement	219,259	179,938	-	-	219,259	179,938
Interest and Fiscal Charges	47,465	50,816	-	-	47,465	50,816
Airport	-	-	56,568	37,760	56,568	37,760
Sewer	-	-	1,045	1,634	1,045	1,634
Total Cash Disbursements	21,606,791	23,399,327	57,613	39,394	21,664,404	23,438,721
Change in Net Cash Assets	1,316,018	(1,631,889)	(15,326)	5,552	1,300,692	(1,626,337)
Net Assets at Beginning of Year	7,684,108	9,315,997	24,410	18,858	7,708,518	9,334,855
Net Assets at End of Year	\$ 9,000,126	\$ 7,684,108	\$ 9,084	\$ 24,410	\$ 9,009,210	\$ 7,708,518

Net Assets increased \$1,316,018 in governmental activities in 2006 due primarily to increases in revenue and decreases in expenditures. Program cash receipt increases were primarily composed of charges for services and operating grants and contributions which were \$653,468 and \$780,004, respectively.

.Adams County
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

Program cash disbursements decreased primarily due to a decrease expenditures in Public Works and Capital Outlay of \$1,913,991 and \$939,330, respectively. Program cash receipts regarding capital grants and contributions decreased \$878,105 due to less capital outlay expenditures

Property taxes and sales taxes made up 16 percent and 10 percent, respectively, of cash receipts for governmental activities for Adams County in fiscal year 2006. Operating grants and contributions made up 47 percent of cash receipts for governmental activities for the County.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental and business-type activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax receipts and unrestricted State entitlements. The dependence upon tax receipts and intergovernmental monies for governmental activities is apparent. Human services activities are mainly supported through charges for services and operating grants and contributions; for all governmental activities general cash receipts support is 33 percent as shown in Table 2. The taxpayers and the State of Ohio, as a whole, provide the vast majority of resources for Adams County. Table 3 below shows the total and net cost of services (on a cash basis) for the County.

Table 3
 Total Cost of Program Services
 Governmental Activities and Business-Type Activities

Table 3

	2006		2005	
	<u>Total Cost of Service</u>	<u>Net Cost of Service</u>	<u>Total Cost of Service</u>	<u>Net Cost of Service</u>
Governmental Activities				
General Government				
Legislative and Executive	\$ 2,386,818	\$ 1,646,703	\$ 2,447,032	\$ 1,767,791
Judicial	1,260,190	953,788	1,264,270	965,085
Public Safety	2,378,331	1,507,052	2,290,417	1,605,072
Public Works	3,091,589	374,815	5,005,580	1,320,728
Health	3,140,026	363,503	2,562,879	696,733
Human Services	7,103,394	921,811	7,171,239	1,987,422
Conservation and Recreation	10,403	8,309	10,578	8,661
Other	1,380,574	981,906	888,506	729,043
Capital Outlay	588,742	(45,763)	1,528,072	15,462
Debt Service				
Principal Retirement	219,259	219,259	179,938	179,938
Interest and Fiscal Charges	47,465	47,465	50,816	50,816
Total Cash Disbursements - Governmental Activities	<u>\$ 21,606,791</u>	<u>\$ 6,978,848</u>	<u>\$ 23,399,327</u>	<u>\$ 9,326,751</u>
Business-Type Activities				
Airport	\$ 56,568	\$ 15,804	\$ 37,760	\$ (6,303)
Sewer	1,045	(478)	1,634	751
Total Cash Disbursements - Business-Type Activities	<u>\$ 57,613</u>	<u>\$ 15,326</u>	<u>\$ 39,394</u>	<u>\$ (5,552)</u>

Adams County
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

Business-Type Activities

Business-type activities include wastewater treatment services and the County airport. Overall Net Assets decreased \$15,326 from 2005 to 2006. Only program cash receipts support business-type activities and during 2006 program cash disbursements exceeded program cash receipts, which resulted in the above decrease.

The County's Funds

Information about the County's major funds starts on page 12. These funds are accounted for using the cash basis of accounting. All governmental funds had total cash receipts of \$22,915,683 and cash disbursements of \$21,606,791. The net change in fund balance for the year was most significant in the Motor Vehicle Gas Tax fund and the Public Assistance fund, where the Motor Vehicle Gas Tax fund cash balance went from \$1,005,207 in 2005 to \$1,999,355 in 2006 and the Public Assistance fund cash balance went from \$501,671 in 2005 to \$199,165 in 2006. For the Motor Vehicle Gas Tax Fund, cash receipts exceeded cash disbursements in the amount of \$994,148 and in the Public Assistance fund, cash disbursements exceeded cash receipts in the amount of \$302,506. The General fund cash balance went from \$943,069 in 2005 to \$1,100,255 in 2006. The MR/DD fund cash balance went from \$2,667,667 in 2005 to \$2,431,077 in 2006. For the General fund, cash receipts exceeded cash disbursements in the amount of \$157,186 and in the MR/DD fund, cash disbursements exceeded cash receipts by \$236,590.

General Fund Budgeting 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 most significant budgeted fund is the General Fund. For the General Fund, final budget basis receipts were \$7,013,410, above original budget estimates of \$6,210,408. Of this \$803,002 difference, tax receipts were \$451,504 above original estimates, charges for services receipts were \$123,873 above original estimates, and various other receipt categories made up the difference. Actual cash basis receipts were slightly greater than final budgeted receipts. Total actual disbursements on the budget basis (cash outlays plus encumbrances) were \$7,110,787, which was \$18,140 below cash receipts. The actual fund balance for the General fund fell short of the final budgeted fund balance by \$34,533.

Capital Assets and Debt Administration

Capital Assets

The County does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements. The County had capital outlay disbursements of \$588,742 during fiscal year 2006.

Debt

Under the cash basis of accounting the County does not report bonds, long-term notes or short-term notes in the accompanying cash basis financial statements. However, in order to provide information to the readers of this report, we are providing the following detailed information about bonds, long-term loans and short-term notes. At December 31, 2006 the County had \$1,179,508 in bonds and related long-term debt for Governmental Activities. As of December 31, 2006 the County had \$109,780 in short-term Equipment Acquisition Notes and Bonds outstanding. For additional information on debt, please see Note 9.

Table 4 summarizes bonds and long-term notes outstanding for Governmental Activities for the past two years:

Table 4
Outstanding Debt at December 31
Governmental Activities

	<u>2006</u>	<u>2005</u>
General Obligation Bonds	\$580,000	\$680,000
Special Assessment Bonds	287,947	293,006
OPWC Loans	<u>311,561</u>	<u>328,545</u>
Totals	<u>\$1,179,508</u>	<u>\$1,301,551</u>

Adams County
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

Current Financial Related Activities

As the preceding information shows, the County heavily depends on its property taxpayers and sales taxpayers as well as intergovernmental monies. Since the property tax receipts do not grow at the same level as inflation and sales taxes are dependent upon the economy, the County will be faced with significant challenges over the next several years to contain costs and ultimately determine what options are available to the County to increase financial resources.

All of the County's financial abilities will be needed to meet the challenges of the future.

Contacting the County's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the County's cash basis finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information contact David Gifford, County Auditor at Adams County, 110 West Main Street, West Union, Ohio 45693-1395, or email at adamscoaud@dragonbbs.com.

Adams County
Statement of Net Assets - Cash Basis
As of December 31, 2006

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Venture Productions, Inc.
ASSETS:				
Equity in Pooled Cash and Cash Equivalents	\$ 9,000,126	\$ 9,084	\$ 9,009,210	\$ -
Cash and Cash Equivalents	-	-	-	113,043
<i>Total Assets</i>	<i>9,000,126</i>	<i>9,084</i>	<i>9,009,210</i>	<i>113,043</i>
NET ASSETS:				
Restricted for Debt Service	99	-	99	-
Restricted for Capital Outlay	295,798	-	295,798	-
Restricted for MR/DD	2,431,077	-	2,431,077	-
Restricted for Motor Vehicle Gas Tax	1,999,355	-	1,999,355	-
Restricted for Public Assistance	199,165	-	199,165	-
Restricted for Other Purposes	2,974,377	-	2,974,377	-
Unrestricted	1,100,255	9,084	1,109,339	113,043
<i>Total Net Assets</i>	<i>\$ 9,000,126</i>	<i>\$ 9,084</i>	<i>\$ 9,009,210</i>	<i>\$ 113,043</i>

The notes to the basic financial statements are an integral part of this statement.

Adams County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2006

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets			Component Unit	
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Venture Productions, Inc.	
Governmental Activities:									
General Government:									
Legislative and Executive	\$ 2,386,818	\$ 452,738	\$ 287,377	\$ -	\$ (1,646,703)	-	\$ (1,646,703)	-	
Judicial	1,260,190	248,073	58,329	-	(953,788)	-	(953,788)	-	
Public Safety	2,378,331	436,797	434,482	-	(1,507,052)	-	(1,507,052)	-	
Public Works	3,091,589	399,479	2,317,295	-	(374,815)	-	(374,815)	-	
Health	3,140,026	402,495	2,374,028	-	(363,503)	-	(363,503)	-	
Human Services	7,103,394	921,185	5,260,398	-	(921,811)	-	(921,811)	-	
Conservation and Recreation	10,403	2,094	-	-	(8,309)	-	(8,309)	-	
Other	1,380,574	265,024	133,644	-	(981,906)	-	(981,906)	-	
Capital Outlay	588,742	-	-	634,505	45,763	-	45,763	-	
Debt Service:									
Principal Retirement	219,259	-	-	-	(219,259)	-	(219,259)	-	
Interest and Fiscal Charges	47,465	-	-	-	(47,465)	-	(47,465)	-	
<i>Total Governmental Activities</i>	<i>21,606,791</i>	<i>3,127,885</i>	<i>10,865,553</i>	<i>634,505</i>	<i>(6,978,848)</i>	<i>-</i>	<i>(6,978,848)</i>	<i>-</i>	
Business-Type Activities:									
Airport	56,568	40,764	-	-	-	(15,804)	(15,804)	-	
Sewer	1,045	1,523	-	-	-	478	478	-	
<i>Total Business-Type Activities</i>	<i>57,613</i>	<i>42,287</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>(15,326)</i>	<i>(15,326)</i>	<i>-</i>	
Component Units:									
Venture Productions, Inc.	197,531	189,608	-	-	-	-	-	(7,923)	
<i>Total Component Units</i>	<i>197,531</i>	<i>189,608</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>(7,923)</i>	
Totals	21,861,935	3,359,780	10,865,553	634,505				(7,923)	
General Cash Receipts and Advances									
Property Taxes Levied for:									
General Purposes					1,741,143	-	1,741,143	-	
Other Purposes					1,898,301	-	1,898,301	-	
Debt Service					128,660	-	128,660	-	
Sales Taxes Levied for General Purposes					2,216,001	-	2,216,001	-	
Grants and Entitlements Not Restricted to Specific Programs					1,297,033	-	1,297,033	-	
Miscellaneous					755,502	-	755,502	-	
Interest					251,100	-	251,100	-	
Advances In (Out), Net					7,126	-	7,126	-	
<i>Total General Cash Receipts and Advances</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>8,294,866</i>	<i>-</i>	<i>8,294,866</i>	<i>-</i>	
<i>Change in Net Assets</i>					1,316,018	(15,326)	1,300,692	(7,923)	
<i>Net Assets Beginning of Year</i>					<i>7,684,108</i>	<i>24,410</i>	<i>7,708,518</i>	<i>120,966</i>	
<i>Net Assets End of Year</i>					\$ 9,000,126	\$ 9,084	\$ 9,009,210	\$ 113,043	

The notes to the basic financial statements are an integral part of this statement.

Adams County
Statement of Cash Basis Assets and Fund Balances and
Cash Receipts, Cash Disbursements, and Changes in Cash Basis Fund Balances-Governmental Funds
As of and for the Year Ended December 31, 2006

	General	MR/DD	Motor Vehicle Gas Tax	Public Assistance	All Other Governmental Funds	Total Governmental Funds
Cash Receipts:						
Taxes	\$ 3,957,144	\$ 750,340	\$ -	\$ -	\$ 1,276,621	\$ 5,984,105
Special Assessments	-	-	-	-	12,892	12,892
Charges for Services	1,193,314	18,059	-	174,081	1,550,785	2,936,239
Licenses and Permits	2,854	-	-	-	-	2,854
Fines and Forfeitures	135,627	-	43,329	-	9,836	188,792
Intergovernmental	1,297,033	725,908	3,588,885	3,495,295	3,677,078	12,784,199
Interest	251,100	-	-	-	-	251,100
Other	200,847	56,930	80,027	302,433	115,265	755,502
Total Cash Receipts	7,037,919	1,551,237	3,712,241	3,971,809	6,642,477	22,915,683
Cash Disbursements:						
Current:						
General Government:						
Legislative and Executive	2,012,488	-	-	-	374,330	2,386,818
Judicial	1,184,212	-	-	-	75,978	1,260,190
Public Safety	1,812,386	-	-	-	565,945	2,378,331
Public Works	89,931	-	2,594,471	-	407,187	3,091,589
Health	47,676	1,787,827	-	-	1,304,523	3,140,026
Human Services	251,331	-	-	4,274,315	2,577,748	7,103,394
Conservation and Recreation	10,403	-	-	-	-	10,403
Other	1,206,493	-	-	-	174,081	1,380,574
Capital Outlay	-	-	-	-	588,742	588,742
Debt Service:						
Principal Retirement	-	-	114,199	-	105,060	219,259
Interest and Fiscal Charges	-	-	9,423	-	38,042	47,465
Total Cash Disbursements	6,614,920	1,787,827	2,718,093	4,274,315	6,211,636	21,606,791
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	422,999	(236,590)	994,148	(302,506)	430,841	1,308,892
OTHER FINANCING SOURCES (USES):						
Transfers In	32,156	-	-	-	40,000	72,156
Advances In	58,852	-	-	1,659	308,162	368,673
Transfers Out	(40,000)	-	-	-	(32,156)	(72,156)
Advances Out	(316,821)	-	-	(1,659)	(43,067)	(361,547)
Total Other Financing Sources (Uses)	(265,813)	-	-	-	272,939	7,126
Net Change in Fund Cash Balances	157,186	(236,590)	994,148	(302,506)	703,780	1,316,018
Cash Basis Fund Balance at Beginning of Year	943,069	2,667,667	1,005,207	501,671	2,566,494	7,684,108
Cash Basis Fund Balance at End of Year	\$ 1,100,255	\$ 2,431,077	\$ 1,999,355	\$ 199,165	\$ 3,270,274	\$ 9,000,126
Cash Basis Assets at End of Year						
<i>Equity in Pooled Cash and Cash Equivalents</i>	\$ 1,100,255	\$ 2,431,077	\$ 1,999,355	\$ 199,165	\$ 3,270,274	\$ 9,000,126
Cash Basis Fund Balances at End of Year						
<i>Reserved for Encumbrances</i>	139,046	84,567	73,966	183,347	971,589	1,452,515
<i>Unreserved, Undesignated Reported In:</i>						
<i>General Fund</i>	961,209	-	-	-	-	961,209
<i>Special Revenue Funds</i>	-	2,346,510	1,925,389	15,818	2,002,788	6,290,505
<i>Debt Service Funds</i>	-	-	-	-	99	99
<i>Capital Projects Funds</i>	-	-	-	-	295,798	295,798
Total Cash Basis Fund Balances	\$ 1,100,255	\$ 2,431,077	\$ 1,999,355	\$ 199,165	\$ 3,270,274	\$ 9,000,126

The notes to the basic financial statements are an integral part of this statement.

See accountant's compilation report.

Adams County
Statement of Receipts, Disbursements,
and Changes in Fund Balances (Budgetary Basis)
For the Year Ended December 31, 2006

General Fund				
	Original Budget	Final Budget	Actual	Variance with Final Budget
Budgetary Basis Receipts:				
Taxes	\$ 3,473,780	\$ 3,925,284	\$ 3,957,144	\$ 31,860
Charges for Services	953,083	1,076,956	1,193,314	116,358
Licenses and Permits	2,506	2,831	2,854	23
Fines and Forfeitures	119,061	134,535	135,627	1,092
Intergovernmental	1,138,605	1,286,590	1,297,033	10,443
Interest	220,430	249,078	251,100	2,022
Other	270,787	305,980	200,847	(105,133)
<i>Total Receipts</i>	<i>6,178,252</i>	<i>6,981,254</i>	<i>7,037,919</i>	<i>56,665</i>
Budgetary Basis Disbursements:				
Current:				
General Government:				
Legislative and Executive	2,105,528	2,105,528	2,062,996	42,532
Judicial	1,238,960	1,238,960	1,234,720	4,240
Public Safety	1,896,175	1,896,175	1,837,916	58,259
Public Works	94,089	94,089	91,431	2,658
Health	49,880	49,880	49,676	204
Human Services	262,950	262,950	257,331	5,619
Conservation and Recreation	10,884	10,884	10,403	481
Other	1,262,271	1,262,271	1,209,493	52,778
<i>Total Disbursements</i>	<i>6,920,737</i>	<i>6,920,737</i>	<i>6,753,966</i>	<i>166,771</i>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	<i>(742,485)</i>	<i>60,517</i>	<i>283,953</i>	<i>223,436</i>
OTHER FINANCING SOURCES (USES):				
Transfers In	32,156	32,156	32,156	-
Transfers Out	(40,000)	(40,000)	(40,000)	-
Advances In	-	-	58,852	58,852
Advances Out	-	-	(316,821)	(316,821)
<i>Total Other Financing Sources (Uses)</i>	<i>(7,844)</i>	<i>(7,844)</i>	<i>(265,813)</i>	<i>(257,969)</i>
<i>Excess of Receipts and Other Financing Sources over (under) Disbursements and Other Financing Uses</i>	<i>(750,329)</i>	<i>52,673</i>	<i>18,140</i>	<i>(34,533)</i>
<i>Cash Basis Fund Balance at Beginning of Year</i>	<i>829,577</i>	<i>829,577</i>	<i>829,577</i>	<i>-</i>
<i>Prior Year Encumbrances Appropriated</i>	<i>113,492</i>	<i>113,492</i>	<i>113,492</i>	<i>-</i>
<i>Cash Basis Fund Balance at End of Year</i>	<i>\$ 192,740</i>	<i>\$ 995,742</i>	<i>\$ 961,209</i>	<i>\$ (34,533)</i>

The notes to the basic financial statements are an integral part of this statement.

Adams County
Statement of Receipts, Disbursements,
and Changes in Fund Balances (Budgetary Basis)
For the Year Ended December 31, 2006

	MR/DD			
	Original Budget	Final Budget	Actual	Variance with Final Budget
Budgetary Basis Receipts:				
Taxes	\$ 650,109	\$ 749,945	\$ 750,340	\$ 395
Charges for Services	15,647	18,050	18,059	9
Intergovernmental	628,940	725,526	725,908	382
Other	49,325	56,900	56,930	30
<i>Total Receipts</i>	<i>1,344,021</i>	<i>1,550,421</i>	<i>1,551,237</i>	<i>816</i>
Budgetary Basis Disbursements:				
Current:				
General Government:				
Health	2,954,021	2,954,021	1,872,394	1,081,627
<i>Total Disbursements</i>	<i>2,954,021</i>	<i>2,954,021</i>	<i>1,872,394</i>	<i>1,081,627</i>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	<i>(1,610,000)</i>	<i>(1,403,600)</i>	<i>(321,157)</i>	<i>1,082,443</i>
<i>Excess of Receipts and Other Financing Sources over (under) Disbursements and Other Financing Uses</i>	<i>(1,610,000)</i>	<i>(1,403,600)</i>	<i>(321,157)</i>	<i>1,082,443</i>
<i>Cash Basis Fund Balance at Beginning of Year</i>	<i>2,543,434</i>	<i>2,543,434</i>	<i>2,543,434</i>	<i>-</i>
<i>Prior Year Encumbrances Appropriated</i>	<i>124,233</i>	<i>124,233</i>	<i>124,233</i>	<i>-</i>
<i>Cash Basis Fund Balance at End of Year</i>	<i>\$ 1,057,667</i>	<i>\$ 1,264,067</i>	<i>\$ 2,346,510</i>	<i>\$ 1,082,443</i>

The notes to the basic financial statements are an integral part of this statement.

Adams County
Statement of Receipts, Disbursements,
and Changes in Fund Balances (Budgetary Basis)
For the Year Ended December 31, 2006

	Public Assistance Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
Budgetary Basis Receipts:				
Charges for Services	\$ 186,507	\$ 174,115	\$ 174,081	\$ (34)
Intergovernmental	3,744,787	3,495,981	3,495,295	(686)
Other	324,020	302,492	302,433	(59)
<i>Total Receipts</i>	<u>4,255,314</u>	<u>3,972,588</u>	<u>3,971,809</u>	<u>(779)</u>
Budgetary Basis Disbursements:				
Current:				
General Government:				
Human Services	4,172,400	4,462,050	4,457,662	4,388
<i>Total Disbursements</i>	<u>4,172,400</u>	<u>4,462,050</u>	<u>4,457,662</u>	<u>4,388</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	<u>82,914</u>	<u>(489,462)</u>	<u>(485,853)</u>	<u>3,609</u>
OTHER FINANCING SOURCES (USES):				
Advances In	-	-	1,659	1,659
Advances Out	-	-	(1,659)	(1,659)
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess of Receipts and Other Financing Sources over (under) Disbursements and Other Financing Uses</i>	<u>82,914</u>	<u>(489,462)</u>	<u>(485,853)</u>	<u>3,609</u>
Cash Basis Fund Balance at Beginning of Year	269,245	269,245	269,245	-
Prior Year Encumbrances Appropriated	232,426	232,426	232,426	-
<i>Cash Basis Fund Balance at End of Year</i>	<u>\$ 584,585</u>	<u>\$ 12,209</u>	<u>\$ 15,818</u>	<u>\$ 3,609</u>

The notes to the basic financial statements are an integral part of this statement.

Adams County
Statement of Receipts, Disbursements,
and Changes in Fund Balances (Budgetary Basis)
For the Year Ended December 31, 2006

Motor Vehicle Gas Tax				
	Original Budget	Final Budget	Actual	Variance with Final Budget
Budgetary Basis Receipts:				
Fines and Forfeitures	\$ 40,852	\$ 43,327	\$ 43,329	\$ 2
Intergovernmental	3,383,697	3,588,749	3,588,885	136
Other	<u>75,452</u>	<u>80,024</u>	<u>80,027</u>	<u>3</u>
<i>Total Receipts</i>	<u>3,500,001</u>	<u>3,712,100</u>	<u>3,712,241</u>	<u>141</u>
Budgetary Basis Disbursements:				
Current:				
General Government:				
Public Works	3,500,000	3,339,395	2,631,454	707,941
Debt Service:				
Principal Retirement	-	146,559	146,559	-
Interest and Fiscal Charges	<u>-</u>	<u>14,046</u>	<u>14,046</u>	<u>-</u>
<i>Total Disbursements</i>	<u>3,500,000</u>	<u>3,500,000</u>	<u>2,792,059</u>	<u>707,941</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	<u>1</u>	<u>212,100</u>	<u>920,182</u>	<u>708,082</u>
<i>Excess of Receipts and Other Financing Sources over (under) Disbursements and Other Financing Uses</i>	<u>1</u>	<u>212,100</u>	<u>920,182</u>	<u>708,082</u>
<i>Cash Basis Fund Balance at Beginning of Year</i>	934,765	934,765	934,765	-
<i>Prior Year Encumbrances Appropriated</i>	70,442	70,442	70,442	-
<i>Cash Basis Fund Balance at End of Year</i>	<u>\$ 1,005,208</u>	<u>\$ 1,217,307</u>	<u>\$ 1,925,389</u>	<u>\$ 708,082</u>

The notes to the basic financial statements are an integral part of this statement.

Adams County
*Statement of Cash Basis Assets and Net Cash Assets and Cash Receipts,
 Cash Disbursements and Changes in Cash Basis Net Assets
 Proprietary Funds
 For the Year Ended December 31, 2006*

	<u>Other Enterprise Funds</u>
OPERATING CASH RECEIPTS:	
Charges for Services	<u>\$ 42,287</u>
<i>Total Operating Cash Receipts</i>	<u>42,287</u>
OPERATING CASH DISBURSEMENTS:	
Contractual Services	1,045
Materials and Supplies	<u>56,568</u>
<i>Total Operating Cash Disbursements</i>	<u>57,613</u>
<i>Changes in Net Cash Assets</i>	(15,326)
Net Cash Assets at Beginning of Year	<u>24,410</u>
<i>Net Cash Assets at End of Year</i>	<u>\$ 9,084</u>
<i>Cash Basis Assets at End of Year</i>	
<i>Equity in Pooled Cash and Cash Equivalents</i>	<u>\$ 9,084</u>
<i>Net Cash Assets at End of Year</i>	
<i>Unreserved, Undesignated</i>	<u>\$ 9,084</u>

The notes to the basic financial statements are an integral part of this statement.

Adams County
Statement of Fiduciary Net Assets
Agency Funds
As of December 31, 2006

Agency Funds

ASSETS:

Equity in Pooled Cash and Cash Equivalents	\$ 1,201,941
Cash and Cash Equivalents in Segregated Accounts	<u>354,340</u>
<i>Total Assets</i>	<u>1,556,281</u>

NET ASSETS:

Unrestricted	<u>1,556,281</u>
<i>Total Net Assets</i>	<u>\$ 1,556,281</u>

The notes to the basic financial statements are an integral part of this statement.

ADAMS COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE 1 - DESCRIPTION OF THE COUNTY AND REPORTING ENTITY

Adams County, Ohio (the County), is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The County operates under the direction of a three-member elected Board of County Commissioners. The County Auditor and County Treasurer are responsible for fiscal control of the resources of the County which are maintained in the funds described below. Services provided by the County include: general government, public safety, public works, health, human services, and conservation-recreation.

Entities for which the County provides services but are not included in this report are the Adams County Educational Service Center, Agricultural Society, Historical Society, and the Law Library Association.

Adams County Hospital (the Hospital) operates under Ohio Revised Code Section 339. The Hospital is served by a board of trustees appointed by the Adams County Commissioners and Adams County judges. The Hospital is not considered legally separate from the County. The Hospital prepares its financial statements in accordance with a basis of accounting, which is different from that used by the County and consequently, the Hospital's financial activity is not included as part of this report. Separately-issued financial statements can be obtained from Adams County Hospital, 210 North Wilson Drive, West Union, Ohio 45693.

Adams County has several County departments that maintain segregated bank accounts for funds held in a custodial capacity. Elected or appointed departmental officials are responsible for the financial records. The County Auditor does not have any operating control over these monies. The financial activity related to these accounts is reported in the accompanying financial statements as agency funds.

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

Venture Productions, Inc. is a legally separate, not-for-profit corporation, served by a board of trustees appointed by the Adams County Board of Mental Retardation and Developmental Disabilities (MRDD). The workshop, under contractual agreement with the Adams County Board of MRDD, provides sheltered employment for mentally and/or physically handicapped adults in Adams County. The Adams County board of MRDD provides the workshop with staff salaries, transportation, equipment, staff to administer and supervise training programs, and other funds necessary for the operation of the workshop. Based on the significant services and resources provided by the County to the workshop and the workshop's sole purpose of providing assistance to the mentally and/or physically handicapped adults of Adams County, the workshop is considered a component unit of Adams County. Venture Productions, Inc.'s financial activity is included as part of this report. Separately issued financial statements can be obtained from Venture Productions, Inc., P.O. Box 86, Seaman, Ohio 45679.

The County is a member of the Southern Ohio Council of Governments, a jointly governed organization which is described in Note 10 to the basic financial statements.

Management believes the financial statements included in this report represent all of the funds for which the County is financially accountable.

ADAMS COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash Deposits

The County Treasurer invests all available funds of the County. County funds are invested in checking accounts with local commercial banks. The County pools its cash for investment purposes to capture the highest rate of return.

Fund Accounting

The County's accounts are maintained on the basis of funds, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific County functions or activities. The operation of each fund is accounted for within a separate set of self-balancing set of accounts.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Cash disbursements are assigned to the fund from which they are paid. The difference between governmental fund assets and cash disbursements is reported as fund balance. The following is the County's major governmental funds:

General Fund

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

MR/DD Special Revenue Fund

This fund accounts for various federal and state grants and a property tax levy used to provide assistance and training to mentally retarded and developmentally disabled individuals.

Motor Vehicle Gas Tax Special Revenue Fund

This fund accounts for monies received from state gasoline tax and motor vehicle registration fees designated for maintenance and repair of roads and bridges.

Public Assistance Special Revenue Fund

This fund accounts for various federal and state grants as well as transfers from the General fund used to provide public assistance to general relief recipients, pay their providers of medical assistance, and for certain public social services.

The other governmental funds of the County account for grants and other resources, debt service, and capital projects, whose use is restricted to a particular purpose.

Proprietary Funds

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

ADAMS COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Enterprise Funds

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing services to the general public on a continuing basis be financed or recovered through user charges. For the County, Enterprise funds are the Sewer fund which is used to account for the activities related to wastewater treatment in the County and the Airport Fuel fund which is used to account for fuel purchase and sales for the airport.

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. The County's only fiduciary funds are agency funds.

Agency Funds

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. In accordance with GASB 34, fiduciary funds are not included in the government-wide statements. The County's agency funds account for assets held for political subdivisions in which the County acts as fiscal agent and for taxes, state-levied shared revenues, and fines and forfeitures that have been collected and which will be distributed to other political subdivisions.

Basis of Presentation

For fiscal year 2006 the County has continued to follow the provisions of GASB 34 for financial reporting on a cash basis, which is a basis of accounting other than accounting principles generally accepted in the United States of America and GASB 38, for certain financial statement note disclosures. 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 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 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. The County's basic financial statements consist of government-wide statements, including a statement of net cash assets and a statement of activities, and fund financial statements that 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.

ADAMS COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The statement of net assets-cash basis presents the cash basis financial condition of governmental and business-type activities of the County at year-end. The statement of activities-cash basis presents a comparison between direct cash disbursements and program cash receipts for each program or function of the County's governmental and business-type activities. Direct cash disbursements are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program cash receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Cash receipts which are not classified as program cash receipts are presented as general cash receipts of the County. The comparison of direct cash disbursements with program cash receipts identifies the extent to which each business segment or governmental function is self-financing or draws from the general cash receipts of the County.

The Government-wide Financial Statements also displays information regarding the legally separate entity or component units, for which the County is fiscally responsible. This component unit is Venture Productions, Inc. and is described further in Note 1 to the financial statements.

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 fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

Basis of Accounting

Although required by Ohio Administrative Code Section 117-2-03(B) to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America (GAAP), the County chooses to prepare its financial statements and notes in accordance with standards established by the Auditor of State for governmental entities that are not required to prepare annual financial reports in accordance with generally accepted accounting principles. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary disbursements when a commitment is made (i.e., when an encumbrance is approved). These statements include adequate disclosure of material matters, in accordance with the basis of accounting described above.

As a result of the use of the 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 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. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

For comparability purposes, the component unit's financial information has been presented on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP).

Cash Receipts – Exchange and Non-exchange Transactions

Cash receipts resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the cash basis when the exchange takes place. On a cash basis, receipts are recorded in the year in which the resources are received.

ADAMS COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-exchange transactions, in which the County receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On a cash basis, receipts from property taxes are recognized in the year in which the taxes are received. Receipts from grants, entitlements and donations are recognized in the year in which the monies have been received.

Cash Disbursements

On the cash basis of accounting, disbursements are recognized at the time payments are made.

Budgetary Process

Budget

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 the County Commissioners at the fund, department and object level for all funds.

Estimated Resources

The County Budget Commission certifies its actions to the County by September 1. As part of this certification, the County receives the official certificate of estimated resources that states the projected receipts of each fund. On or about January 1, this certificate is amended to include any unencumbered balances from the preceding year. Prior to December 31, the County must revise its budget so that the total contemplated disbursements from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. Budget receipts as shown in the accompanying financial statements do not include January 1 unencumbered fund balances. However, those fund balances are available for appropriations.

Appropriations

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources. Advances are not appropriated.

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

ADAMS COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Encumbrances

The County is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the disbursement of funds are recorded in order to reserve the portion of the applicable appropriation. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be re-appropriated.

Cash and Cash Equivalents and Investments

Cash and cash equivalents consist of the total of fund cash balances of all funds as of December 31, 2006. To improve cash management, cash received by the County is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. County funds are maintained in several checking accounts as well as invested in certificates of deposit with terms of one to twelve months. Individual fund balance integrity is maintained through the County's records. Balances of all funds are maintained in these accounts or are temporarily used to purchase certificates of deposit or investments. All interest receipts are reported in the General fund except those specifically related to those funds deemed appropriate according to state statutes, grant requirements or debt related restrictions. For calendar year 2006, interest receipts credited to the General fund were \$251,100.

Capital Assets and Depreciation

Capital assets (fixed assets) acquired or constructed for the County are recorded as disbursements at the time of acquisition. However, under the cash basis of accounting, capital assets and the related depreciation are not reported separately on the financial statements.

Compensated Absences

Vacation and sick leave benefits are not accrued under the cash basis of accounting as previously described. All leave will either be absorbed by time off from work, or within certain limitations, be paid to the employees.

Long-Term Debt Obligations and Short-Term Debt Obligations

In general, bonds, long-term loans, capital leases, and short-term debt obligations are recorded as cash disbursements in the basic financial statements when paid.

Net Assets – Cash Basis

Net assets consist of cash receipts reduced by cash disbursements for the current year. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. Restricted for Other Purposes is comprised of net assets restricted for grants. The County applies restricted resources when a disbursement is made for purposes for which both restricted and unrestricted net assets are available.

Of the County's \$7,899,871 restricted net assets, none is restricted by enabling legislation.

ADAMS COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Transactions

Exchange transactions between funds are reported as cash receipts in the seller funds and as cash disbursements in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented on the financial statements. The County reports advances-in and advances-out for interfund loans. In the government-wide financial statements transfers and advances within governmental activities or within business-type activities are eliminated.

NOTE 3 – DEPOSITS AND INVESTMENTS

A. Primary Government

State statutes classify monies held by the County into two categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the County has identified as not required for use within the five year period of designation of depositories. Inactive deposits must be either evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Inactive monies may be deposited or invested in the following securities:

- A. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
- B. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- C. Written purchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to marked daily, and that the term of the agreement must not exceed thirty days;
- D. Bonds and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
- E. Time certificates of deposit or savings or deposit accounts, including, but not limited to passbook accounts;
- F. No-load money market mutual funds consisting exclusively of obligations described in division (A) or (B) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
- G. The State Treasurer's investment pool (STAR Ohio);

ADAMS COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

A. Primary Government (Continued)

- H. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in division (A) or (B) or cash or both securities and cash, equal value for equal value;
- I. High grade commercial paper in an amount not to exceed five percent of the County's total average portfolio;
- J. Bankers' acceptance and commercial paper notes for a period not to exceed two hundred and seventy days and in an amount not to exceed ten percent of the County's total average portfolio; and
- K. Under limited circumstances, corporate debt interests rated in any of the three highest rating classifications by at least two nationally recognized rating agencies.

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.

Investments in stripped principal or interest obligations reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the County, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Cash on Hand: At year-end, the County had \$6,330 in undeposited cash on hand which is included as part of Net Assets.

Custodial credit risk is the risk that, in the event of a bank failure, the County's deposits may not be returned. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the federal deposit insurance corporation (FDIC) or by any other agency or instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. The County's policy is to deposit money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

The County's bank balance of \$11,111,032 is either covered by FDIC or collateralized by the financial institutions public entity deposit pools in the manner as described above.

\$182,585 was on hand with the Southern Ohio Council of Governments (the "Council"), as described in Note 10 to the financial statements. The Council, as fiscal agent, is responsible for obtaining adequate collateral for this money.

B. Component Unit

At year-end, the carrying amount of Venture Productions, Inc.'s deposits was \$113,043 and the bank balance was \$116,874. The bank balance was covered by federal deposit insurance.

ADAMS COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE 4- BUDGETARY BASIS FUND BALANCES

Differences between the budgetary basis fund balances and fund cash balances are due to encumbrances. The table below presents those differences for the County's Major Funds:

	General Fund	MR/DD	Motor Vehicle Gas Tax	Public Assistance
Budgetary Basis Fund Balances	\$961,209	\$2,346,510	\$1,925,389	\$15,818
Encumbrances	<u>139,046</u>	<u>84,567</u>	<u>73,966</u>	<u>183,347</u>
Fund Cash Balances	<u><u>\$1,100,255</u></u>	<u><u>\$2,431,077</u></u>	<u><u>\$1,999,355</u></u>	<u><u>\$199,165</u></u>

NOTE 5 – TAXES

PERMISSIVE SALES AND USE TAX

The County Commissioners, by resolution, imposed a 1.5 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. The allocation of the sales tax is 1 percent to the County's General fund and 0.5 percent for Adams County Hospital. 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.

PROPERTY TAX

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the County. Property tax revenue received during 2006 for real and public utility property taxes represents collection of 2005 taxes. Property tax payments received during 2006 for tangible personal property (other than public utility property) is for 2005 taxes.

2006 real property taxes are levied after October 1, 2006 on the assessed value as of January 1, 2006, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2006 real property taxes are intended to finance 2007.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility property is assessed at 35 percent of true value. 2006 public utility property taxes became a lien December 31, 2005, are levied after October 1, 2006, and are collected in 2007 with real property taxes.

2006 tangible personal property taxes are levied after October 1, 2005, on the value as of December 31, 2005. Collections are made in 2006. Tangible personal property assessments are 25 percent of true value.

The assessed value for the taxes levied in 2006 was \$516,417,340 of which real property represented 64 percent (\$329,606,460) of the total, public utility property represented 30 percent (\$156,193,450) of the total, and tangible personal property represented 6 percent (\$30,617,430) of the total. The full tax rate for all County operations for taxes collected in 2006 was \$8.86 per \$1,000 of assessed valuation.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due by December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

ADAMS COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE 5 – TAXES (Continued)

PROPERTY TAX (Continued)

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

NOTE 6 - 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.

The County Risk Sharing Authority, Inc. (CORSA) is a risk sharing pool made up of fifty-two counties in Ohio. CORSA was formed as an Ohio nonprofit 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 certificates.

Insurance coverage stayed the same as in the prior year. Settled claims during 2006 did not exceed commercial insurance coverage. Settlement amounts on claims have not exceeded insurance coverage in any of the past three years.

The Pool's audited financial statements conform with generally accepted accounting principles and reported the following assets, liabilities, and equity at April 30:

	2006	2005
Assets	\$ 74,688,504	\$ 70,437,809
Liabilities	<u>48,484,394</u>	<u>39,242,199</u>
Net Assets	<u>\$ 26,204,110</u>	<u>\$ 31,195,610</u>

ADAMS COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE 7 - RETIREMENT SYSTEMS

Ohio Public Employees Retirement System (OPERS)

The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans as described below:

The Traditional Pension Plan (TP) – a cost-sharing multiple-employer defined benefit pension plan.

The Member-Directed Plan (MD) – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon.

The Combined Plan (CO) – a cost-sharing multiple-employer defined benefit pension plan. Under the Combined Plan employer contributions are invested by OPERS to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, and survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.

Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. The Ohio Public Employees Retirement System issues a stand-alone financial report. Interested parties may obtain a copy, by making a written request to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6701 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2006, member and employer contribution rates were consistent across all three plans. Separate divisions for law enforcement and public safety exist only within the Traditional Pension Plan.

The 2006 member contribution rates were 9.0% for members in state and local, and public safety classifications. Members in the law enforcement classification, which consists generally of sheriffs, deputy sheriffs and township police, contributed at a rate of 10.1%.

The 2006 employer contribution rate for local government employer units was 13.7% of covered payroll. For both the law enforcement and public safety divisions, the employer contribution rate for 2006 was 16.93%. The County's contributions to OPERS for all employees for the years ended December 31, 2006, 2005, and 2004, were \$1,180,718, \$1,165,543, and \$1,134,182, respectively; 100 percent has been contributed for 2006, 2005, and 2004.

State Teachers Retirement System (STRS)

Certified teachers employed by the school for the Mentally Retarded/ Developmentally Disabled participate in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple employer public retirement system. STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, college, university, institution or other agency controlled, managed and supported, in part, by the state or any political subdivision thereof. STRS Ohio provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to plan members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371, by calling (614) 227-4090, or by visiting the STRS Ohio web site at www.strsoh.org.

ADAMS COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE 7 - RETIREMENT SYSTEMS (Continued)

State Teachers Retirement System (STRS) (Continued)

Plan Options - New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5% of earned compensation. The Combined Plan offers features of the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

DB Plan Benefits - Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the "formula benefit" or the "money-purchase benefit" calculation. Under the "formula benefit," the retirement allowance is based on years of credited service and final average salary, which is the average of the member's three highest salary years. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5% instead of 2.2%. Under the "money-purchase benefit" calculation, a member's lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

DC Plan Benefits - Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump-sum withdrawal. Employer contributions into members' accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Combined Plan Benefits - Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member's defined benefit is determined by multiplying 1% of the member's final average salary by the member's years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

Eligible faculty of Ohio's public colleges and universities may choose to enroll in either STRS Ohio or an alternative retirement plan (ARP) offer by their employer. Employees have 120 days from their employment date to select a retirement plan.

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for a money-purchase benefit or a lump-sum payment in addition to the original retirement allowance. Effective April 11, 2005, a reemployed retiree may alternatively receive a refund of member contributions with interest before age 65, once employment is terminated.

ADAMS COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE 7 - RETIREMENT SYSTEMS (Continued)

State Teachers Retirement System (STRS) (Continued)

Benefits are increased annually by 3% of the original base amount for Defined Benefit Plan participants.

The Defined Benefit and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependent. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio Law, health care benefits are not guaranteed.

A Defined Benefit or Combined Plan member with five or more years' credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the Defined Benefit Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC, or Combined Plans. Various other benefits are available to members' beneficiaries.

Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers.

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2006, were 10% of covered payroll for members and 14% for employers, of which 13% was allocated to fund pension benefits. The County's contributions to STRS for the years ended December 31, 2006, 2005, and 2004, were \$5,387, \$18,744, and \$28,903, respectively; 100 percent has been contributed for 2006, 2005, and 2004.

Social Security System

Effective July 1, 1991, all employees not otherwise covered by a State Retirement System have an option to choose Social Security or the appropriate state system. As of December 31, 2006, none have elected Social Security.

NOTE 8 - POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System (OPERS)

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan (TP) – a cost-sharing multiple-employer defined benefit pension plan; the Member-Directed Plan (MD) – a defined contribution plan; and the Combined Plan (CO) – a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS provides retirement, disability, and survivor benefits as well as post-retirement health care coverage to qualifying members of both the Traditional and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-retirement health care coverage, age and service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS is considered to be an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12.

A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. For local government employer units, the rate was 13.7% of covered payroll, and public safety and law enforcement employer units contributed at 16.93%. The portion of employer contributions for all employers allocated to health care was 4.5%.

ADAMS COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE 8 - POSTEMPLOYMENT BENEFITS (Continued)

Ohio Public Employees Retirement System (OPERS)

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS.

Summary of Assumptions:

Actuarial Review - The assumptions and calculations below were based on OPERS' latest actuarial review performed as of December 31, 2005

Funding Method – An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability.

Assets Valuation Method – All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor.

Investment Return – The investment assumption rate for 2005 was 6.50%.

Active Employee Total Payroll – An annual increase of 4.0%, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0% base increase, were assumed to range from .50% to 6.30%.

Health Care – Health care cost were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .50% to 6% for the next 9 years. In subsequent years (10 and beyond) health care costs were assumed to increase at 4% (the projected wage inflation rate).

OPEBs are advance-funded on an actuarially determined basis. The Traditional Pension and Combined Plans had 369,214 for 2006. The number of active contributing participants for both plans used in the December 31, 2005, actuarial valuation was 358,804.

The employer contributions that were used to fund postemployment benefits were \$387,827 for 2006. \$11.1 billion represents the actuarial value of OPERS' net assets available for OPEBs at December 31, 2005. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$31.3 billion and \$20.2 billion, respectively.

OPERS Retirement Board adopts a Health Care Preservation Plan:

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, is effective on January 1, 2007. OPERS took additional actions to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

State Teachers Retirement System

The State Teachers Retirement System of Ohio (STRS Ohio) provides access to health care coverage to retirees who participated in the Defined Benefit or Combined Plans and their dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare B premiums. Pursuant to the Revised Code (R. C.), the State Teachers Retirement Board (the Board) has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio.

ADAMS COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE 8 - POSTEMPLOYMENT BENEFITS (Continued)

State Teachers Retirement System (Continued)

All benefits recipients pay a portion of the health care costs in the form of a monthly premium. The R.C. grants authority to STRS Ohio to provide health care coverage to eligible benefit recipients, spouses and dependents. By Ohio law, health care benefits are not guaranteed and the cost of the coverage paid from STRS Ohio funds shall be included in the employer contribution rate, currently 14% of covered payroll.

The Retirement Board allocates employer contributions to the Health Care Stabilization Fund from which health care benefits are paid. Through June 30, 2006 the Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. For the County, the amount equaled \$385 for the year ended December 31, 2006. The balance in the Health Care Stabilization Fund was \$3.5 billion on June 30, 2006.

For the fiscal year ended June 30, 2006, net health care costs paid by STRS Ohio were \$282,743,000. There were 119,184 eligible benefit recipients.

NOTE 9 - DEBT OBLIGATIONS

Long-term Debt Obligations:

Under the cash basis of accounting, debt obligations are not reported as a liability in the accompanying basic financial statements. However, information regarding the County's general long-term obligations during 2006 is as follows:

	Balance 1/1/2006	Additions	Payments	Balance 12/31/2006	Due in One Year
General Obligation Bonds, 3.75-5.25%	\$ 680,000	\$ -	\$ 100,000	\$ 580,000	\$ 105,000
Special Assessment Bonds 3.25%	293,006	-	5,059	287,947	5,224
OPWC Loan #CO02H, 0%	101,400	-	5,200	96,200	5,200
OPWC Loan #CO09I, 0%	227,145	-	11,784	215,361	11,784
Total	<u>\$ 1,301,551</u>	<u>\$ -</u>	<u>\$ 122,043</u>	<u>\$ 1,179,508</u>	<u>\$ 127,208</u>

Outstanding general obligation bonds consist of Human Services Building Refunding Bonds. General obligation bonds are direct obligations of the County for which its full faith, credit and resource are pledged and are payable from taxes levied on all taxable property in the County.

Outstanding special assessment bonds were issued for the purpose of financing part of the cost of constructing a sanitary sewer line extension, in the Peebles area. It is anticipated that the debt will be paid by the benefited property owners and not from the general funds of the County. However, County general funds are pledged for repayment. The bonds are payable over a period of thirty-nine years at 3.25% per annum.

During 2005, the County entered into two grant/loan agreements with the Ohio Public Works Commission (OPWC). The first agreement, pertaining to the Pence Road and Church Road Bridge Replacements, included a grant in the amount of \$364,000 and a loan (Loan #CO02H) in the amount of \$104,000 at 0% interest, with semi-annual payments of \$2,600, maturing July 1, 2025. The second agreement, pertaining to the Buck Run Road Bridge Replacement, included a grant in the amount of \$100,000 and a loan (Loan #CO09I) in the amount of \$227,145 for 2005 with an additional amount of \$8,524 received in 2006 making the total loan \$235,669 represented in the amortization schedule at 0% interest, with semi-annual payments of \$5,892, maturing January 1, 2026.

ADAMS COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE 9 - DEBT OBLIGATIONS (Continued)

Amortization of the above long-term debt obligations is as follows:

2001 Human Services Refunding Bonds				Special Assessment Bonds			
Due In	Principal	Interest	Total	Due In	Principal	Interest	Total
2007	105,000	24,710	129,710	2007	5,224	9,316	14,540
2008	110,000	20,458	130,458	2008	5,396	9,145	14,541
2009	115,000	15,892	130,892	2009	5,573	8,969	14,542
2010	120,000	11,005	131,005	2010	5,756	8,786	14,542
2011	130,000	5,785	135,785	2011	5,944	8,598	14,542
2012-2016	-	-	-	2012-2016	32,772	38,790	71,562
2017-2021	-	-	-	2017-2021	38,502	35,335	73,837
2022-2026	-	-	-	2022-2026	45,240	27,473	72,713
2027-2031	-	-	-	2027-2031	53,152	19,555	72,707
2032-2036	-	-	-	2032-2036	62,450	10,257	72,707
2037-2038	-	-	-	2037-2038	27,938	1,143	29,081
Total	<u>\$ 580,000</u>	<u>\$ 77,850</u>	<u>\$ 657,850</u>	Total	<u>\$ 287,947</u>	<u>\$ 177,367</u>	<u>\$ 465,314</u>

OPWC Loans				Total			
Due In	Principal	Interest	Total	Due In	Principal	Interest	Total
2007	16,984	-	16,984	2007	127,208	34,026	161,234
2008	16,984	-	16,984	2008	132,380	29,603	161,983
2009	16,984	-	16,984	2009	137,557	24,861	162,418
2010	16,983	-	16,983	2010	142,739	19,791	162,530
2011	16,981	-	16,981	2011	152,925	14,383	167,308
2012-2016	84,917	-	84,917	2012-2016	117,689	38,790	156,479
2017-2021	84,917	-	84,917	2017-2021	123,419	35,335	158,754
2022-2026	50,920	-	50,920	2022-2026	96,160	27,473	123,633
2027-2031	5,891	-	5,891	2027-2031	59,043	19,555	78,598
2032-2036	-	-	-	2032-2036	62,450	10,257	72,707
2037-2038	-	-	-	2037-2038	27,938	1,143	29,081
Total	<u>\$ 311,561</u>	<u>\$ -</u>	<u>\$ 311,561</u>	Total	<u>\$ 1,179,508</u>	<u>\$ 255,217</u>	<u>\$ 1,434,725</u>

Short-term Debt Obligations:

During 2005, the County Commissioners issued \$84,361 of short-term bonds for the purpose of acquiring a tractor. The bonds bear interest at 5% payable annually on each December 1, commencing December 1, 2006 and mature December 1, 2007.

During 2004, the County issued \$180,000 of new debt for the purchase of four dump trucks.

ADAMS COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE 9 - DEBT OBLIGATIONS (Continued)

Information regarding the County's short-term debt obligations during 2006 is as follows:

	Beginning Balance 1/1/2006	Additions	Payments	Ending Balance 12/31/2006	Due in One Year
Truck Acquisition Bonds, 4.50%	\$ 122,635	\$ -	\$ 60,155	\$ 62,480	\$ 62,480
Tractor Acquisition Bonds, 5.00%	84,361	-	37,061	47,300	47,300
Total	<u>\$ 206,996</u>	<u>\$ -</u>	<u>\$ 97,216</u>	<u>\$ 109,780</u>	<u>\$ 109,780</u>

Amortization of the above short-term debt obligations is scheduled as follows:

Truck Acquisition Bonds				Tractor Acquisition Bonds			
Due In	Principal	Interest	Total	Due In	Principal	Interest	Total
2007	62,480	2,820	65,300	2007	47,300	4,218	51,518
Total	<u>\$ 62,480</u>	<u>\$ 2,820</u>	<u>\$ 65,300</u>	Total	<u>\$ 47,300</u>	<u>\$ 4,218</u>	<u>\$ 51,518</u>

NOTE 10 - JOINTLY GOVERNED ORGANIZATIONS

The County is a member of the Southern Ohio Council of Governments (the "Council"), which is a jointly governed organization created under Ohio Revised Code Section 167.01. The governing body consists of a thirteen member board with each participating County represented by its Director of its Board of Mental Retardation and Developmental Disabilities (MRDD). Member counties include: Adams, Athens, Brown, Fayette, Gallia, Highland, Jackson, Lawrence, Pickaway, Pike, Ross, Scioto, and Vinton Counties. The Council acts as fiscal agent for the Adams County MRDD's supportive living program monies. During 2006, the Council received \$24,453 of supportive living monies from Adams County and as of December 31, 2006, the County had a \$182,585 balance on hand with the Council. Financial statements can be obtained from the Council at 43 N. Paint St., Chillicothe, Ohio, 45601.

ADAMS COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE 11 - PUBLIC ENTITY SHARED RISK POOLS

County Risk Sharing Authority, Inc.

The County Risk Sharing Authority, Inc. (CORS) is a jointly governed organization among thirty-nine counties in Ohio. CORS was formed as an Ohio not-for-profit corporation for the purpose of establishing the CORS 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 CORS.

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of CORS 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 of Trustees. No county may have more than one representative on the Board of Trustees at any time. Each member county's control over the budgeting and financing of CORS is limited to its voting authority and any representation it may have on the Board of Trustees.

County Commissioners Association of Ohio Workers' Compensation Group Rating Plan

The County is participating in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The County Commissioners Association of Ohio Service Corporation (CCAOSC) was established through the County Commissioners Association of Ohio (CCAO) as a group purchasing pool. A group executive committee is responsible for calculating annual rate contributions and rebates, approving the selection of a third party administrator, reviewing and approving proposed third party fees, fees for risk management services and general management fees, determining ongoing eligibility of each participant, and performing any other acts and functions which may be delegated to it by the participating employers. The group executive committee consists of seven members. Two members are the president and treasurer of CCAOSC; the remaining five members are representatives of the participants. These five members are elected for the ensuing year by the participants at the meeting held in the month of December each year. No participant can have more than one member of the group executive committee in any year and each elected member shall be a County Commissioner.

NOTE 12 – HEALTH CARE BENEFITS

The County provides life insurance and accidental death and dismemberment insurance to most employees through Medical Mutual of Ohio. The County has elected to provide employee medical/surgical benefits through Community Mutual. The employees share the cost of the monthly premium with the Board of Commissioners. The premium varies with employee depending on the terms of the union contract or personnel policy. Dental and vision insurance are provided by the County to employees.

NOTE 13 - CONTINGENT LIABILITIES

A. Primary Government

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

At December 31, 2006, there are several lawsuits pending against the County. The County's legal counsel is uncertain as to the exact outcome of the lawsuits, but does not estimate any liability on the County's part.

B. Component Unit

Currently, there is no pending litigation against Venture Productions, Inc..

ADAMS COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE 14 – INTERFUND TRANSACTIONS

Transfers

	<u>Transfers In</u>	<u>Transfers Out</u>
<i>Major Fund:</i>		
General	\$ 32,156	\$ 40,000
<i>Non-major Special Revenue Funds:</i>		
Dog and Kennel	40,000	-
Certificate of Title	-	32,156
Total Non-major Special Revenue Funds	<u>40,000</u>	<u>32,156</u>
Total All Funds	<u>\$ 72,156</u>	<u>\$ 72,156</u>

Transfers are used to move revenues from the fund that collects them in accordance with statute or budget to the fund that is required to expend them in accordance with statute or budget and to provide resources for current operations.

	<u>Advances In</u>	<u>Advances Out</u>
<i>Major Funds:</i>		
General	\$ 58,852	\$ 316,821
Public Assistance	<u>1,659</u>	<u>1,659</u>
Total Major Funds	<u>60,511</u>	<u>318,480</u>
Other Governmental Funds	<u>308,162</u>	<u>43,067</u>
Agency Funds	<u>-</u>	<u>7,126</u>
Total All Funds	<u>\$ 368,673</u>	<u>\$ 368,673</u>

During the year, the County's General Fund made advances to other funds in anticipation of intergovernmental grant revenue. Advances to the General Fund are for repayments of outstanding advances from prior years.

NOTE 15-CHANGE IN ACCOUNTING PRINCIPLES

For the fiscal year 2006, the County implemented, GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation*. GASB Statement No. 46 requires that limitations on the use of net assets imposed by enabling legislation be reported as restricted net assets. The application of this new standard did not have a material effect on the financial statements, nor did their implementation require a restatement of prior year balances.

ADAMS COUNTY

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2006**

FEDERAL GRANTOR/ Pass Through Grantor Program Title	Pass-Through Entity's Number	Federal CFDA Number	Disbursements	Non-Cash Disbursements
UNITED STATES DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education:</i>				
Food Donation	N/A	10.550	\$ -	\$ 4,504
Nutrition Cluster:				
School Breakfast Program	05PU	10.553	3,627	-
National School Lunch Program	LLP4	10.555	4,160	-
Total Nutrition Cluster			7,787	-
<i>Passed Through Rural Housing Service</i>				
Community Facilities Loans and Grants	N/A	10.766	50,000	-
Total United States Department of Agriculture			57,787	4,504
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
<i>Passed Through Ohio Department of Development:</i>				
Community Development Block Grants	B-F-04-001-1	14.228	52,939	-
	B-F-05-001-1	14.228	164,000	-
	B-C-05-001-1	14.228	5,000	-
			221,939	-
Home Investment Partnerships Program	B-C-05-001-2	14.239	114,540	-
Total United States Department of Housing and Urban Development			336,479	-
UNITED STATES DEPARTMENT OF JUSTICE				
<i>Passed through the State of Ohio Office of Criminal Justice Services:</i>				
Public Safety Partnership and Community Policing Grants	N/A	16.710	7,387	-
Total United States Department of Justice			7,387	-
U.S. DEPARTMENT OF TRANSPORTATION				
<i>Direct from the Federal Government:</i>				
Airport Improvement Program	N	20.106	23,195	-
Total U.S. Department of Transportation			23,195	-
UNITED STATES ELECTION ASSISTANCE COMMISSION				
<i>Passed Through Ohio Secretary of State</i>				
Help America Vote Act of 2002	05-SOS-HAVA	90.401	1,175	-
Total United States Election Assistance Commission			1,175	-
UNITED STATES DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education:</i>				
Special Education Grants to States	065813-6BSHF	84.027	13,986	-
State Grants for Innovative Programs	065813-C2S1-2007	84.298	12	-
<i>Passed Through Ohio Department of Health:</i>				
Special Education Grants for Infants and Families w/Disabilities	01-1-002-1-EG-07	84.181	20,304	-
Total United States Department of Education			34,302	-

ADAMS COUNTY

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2006**

FEDERAL GRANTOR/ Pass Through Grantor Program Title	Pass-Through Entity's Number	Federal CFDA Number	Disbursements	Non-Cash Disbursements
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<i>Passed Through Ohio Department of Mental Retardation and Developmental Disabilities:</i>				
Social Services Block Grant	N/A	93.667	30,185	-
Medical Assistance Program	N/A			
Targeted Case Management		93.778	5,165	-
Day Hab-L1 Waiver		93.778	63,143	-
Day Hab-I/O Waiver		93.778	15,110	-
Total Medical Assistance Program			<u>83,418</u>	<u>-</u>
Total United States Department of Health and Human Services			113,603	-
UNITED STATES DEPARTMENT OF HOMELAND SECURITY				
<i>Passed Through Ohio Emergency Management Agency:</i>				
Emergency Management Performance Grants	N/A	97.042	<u>16,323</u>	<u>-</u>
Total United States Department of Homeland Security			<u>16,323</u>	<u>-</u>
TOTAL FEDERAL AWARDS EXPENDITURES				
		\$ 590,251	\$ 4,504	

N - Direct grant

N/A- Pass through entity number could not be located

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

ADAMS COUNTY

Notes to Schedule of Federal Awards Expenditures For the Year Ended December 31, 2006

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures is a summary of the activity of the County's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B – COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS

The County has established a revolving loan program to provide low-interest loans to businesses to create jobs for persons from low-moderate income households and 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 (ODOD). The initial loan of this money is recorded as a disbursement on the accompanying Schedule of Federal Awards Expenditures. 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.

NOTE C – 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 on non-federal matching funds is not included in the Schedule.

NOTE D – FOOD DONATION

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 (expenditure) is reported in the Schedule at the fair market value of 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 E – NATIONAL SCHOOL LUNCH AND BREAKFAST PROGRAM

Cash receipts from the U.S. Department of Agriculture for the National School Lunch and Breakfast Program are commingled with State grants. It is assumed federal revenues were expended on a first in/first out basis.

BALESTRA, HARR & SCHERER, CPAs, INC.
528 South West Street, P.O. Box 687
Piketon, Ohio 45661

Telephone (740) 289-4131
Fax (740) 289-3639
www.bhscpas.com

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Commissioners
Adams County
110 West Main Street
West Union, Ohio 45693

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Adams County, Ohio (the County), as of and for the year ended December 31, 2006, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 30, 2007 wherein we noted the County prepared its financial statements on a basis of accounting other than accounting principles generally accepted in the United States of America and implemented Governmental Accounting Standard Board Statement No. 46 and wherein we noted the County's cash basis financial statements do not include amounts related to the Hospital in its fund statements or its entity wide statements. Accordingly, the County's financial statements do not present fairly the financial position of the proprietary funds or business-type activities for the County as of December 31, 2006 or the changes in its cash basis financial position for the year then ended. We qualified our report on all other governmental funds because financial transactions of the Ambulance and EMS Fund were omitted. We did not audit the financial statements of Venture Productions Inc. which is included as a discrete presentation in the County's basic financial statements. These financial statements were audited by other auditors whose report thereon has been furnished to us and our opinion insofar as it relates to the amounts included for Venture Productions Inc. is solely based 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' *Governmental Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

Adams County

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Page 2

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control over financial reporting. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items number 2006-003 and 2006-004 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item number 2006-003 to be a material weakness.

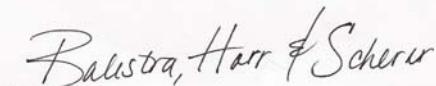
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2006-001 and 2006-002.

We noted certain matters that we reported to management of the County in a separate letter dated June 30, 2007.

The County's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did audit the County's response and, accordingly, we express no opinion on it.

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



Balestra, Harr & Scherer, CPAs, Inc.

June 30, 2007

BALESTRA, HARR & SCHERER, CPAs, INC.

528 South West Street, P.O. Box 687
Piketon, Ohio 45661

Telephone (740) 289-4131
Fax (740) 289-3639
www.bhscpas.com

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

Board of Commissioners
Adams County
110 West Main Street
West Union, Ohio 45693

Compliance

We have audited the compliance of Adams County (the County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2006. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2006. However, the results of our auditing procedures disclosed one instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as items 2006-005.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Adams County

Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over
Compliance in Accordance With OMB Circular A-133

Page 2

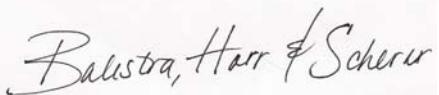
A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above.

The County's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the County's response and, accordingly, we express no opinion on it.

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



Balestra, Harr & Scherer, CPAs, Inc.

June 30, 2007

**ADAMS COUNTY FINANCIAL CONDITION
ADAMS COUNTY**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 Section .505
December 31, 2006

1. SUMMARY OF AUDITOR'S RESULTS
--

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under .510?	Yes
(d)(1)(vii)	Major Program (list):	Community Development Block Grant CFDA# 14.228 Home Investment Partnerships Program CFDA#14.239
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

**ADAMS COUNTY FINANCIAL CONDITION
ADAMS COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 Section .505
December 31, 2006
(Continued)**

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

Finding Number 2006-001

Noncompliance Citation – GAAP Reporting

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

Ohio Admin 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 in accordance with the cash basis of accounting. The accompanying financial statements and notes omitted 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 subject to various other administrative remedies for its failure to file the required financial report.

The County should prepare its annual financial report in accordance with generally accepted accounting principles.

Finding Number 2006-002

Noncompliance Citation – Ambulance and EMS Fund

Ohio Rev. Code Section 307.05 and 9.60, provide authority for the County to contract for emergency medical services with private organizations or with another political subdivision. ORC Section 307.05 also provides the authority for the County to operate an ambulance service organization or emergency medical service organization. A contract for services shall include the terms, conditions, and stipulations as agreed to by the parties to the contract. It may provide for a fixed annual charge to be paid or for compensation to be based upon a stipulated per service fee, number of persons served, elapsed time of services, pieces of apparatus employed, or any combination thereof.

The County has used up to five separate nonprofit organizations to operate their emergency medical services. However, there were no written contracts between the County and the nonprofit organizations as provided by the above section of law.

Ohio Revised Code Section 307.05 requires contracts shall not be entered into with a nonprofit corporation that receives more than half of its operating funds from governmental entities with intention of directly competing with the operation of other ambulance service organizations unless the contract is awarded after submission of bids and awarding to the lowest and best bid.

Adams County operates emergency medical services under a voted tax levy which funds these services provided to County residents. There are five separate EMS organizations that service the County. Each of the five EMS organizations have separate bank accounts which the EMS maintain and contain funds each EMS organization has collected for billing to individuals of EMS services they provide. Some of the EMS organizations bank accounts also contain funds they have obtained via fundraising activities of the organization. These bank accounts are not currently held by the County and the funds are not deposited

**ADAMS COUNTY FINANCIAL CONDITION
ADAMS COUNTY**

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 Section .505
December 31, 2006
(Continued)

Finding Number 2006-002 (Continued)

Noncompliance Citation – Ambulance and EMS Fund (continued)

into the County's Ambulance and EMS Fund. Thus the financial statements of the County do not include the receipts, disbursements or cash balances related to these bank accounts,

The County Commissioners should consult with their legal counsel (the County Prosecutor) to assure they are in compliance with the requirements of this statute, which may include the establishment of contracts (refer to finding 2006-003) or inclusion of these funds in the County financials.

Finding Number 2006-003

Material Weakness – Emergency Medical Services (EMS) Contract

Currently the County does not contact with the five EMS organizations operating in the County to provide EMS services. According to ORC Section 307.05, the County may operate or contract to provide these services. Should the County determine to enter into contracts with outside organizations for EMS services, we suggest inclusion of the following items:

- Due to weaknesses in not segregating the accounting for the County tax levy funds, we recommend the contract require that the EMS organizations not commingle those public tax levy funds with any private funds. The public funds should be accounted for separately from the private funds to provide accountability to the taxpayers of the County that levy funds are being used in accordance with the actual tax levy language.
- The EMS organizations should be required to provide annual financial statements to the County to provide accountability of the use of public tax levy funds. In order to provide additional assurance regarding these financial statements, the County may require audits of the financial statements.
- The County should annually evaluate the need for the county wide tax levy, based upon review of the operations of these EMS organizations and review of those revenues each organization generates as a result of billings for EMS transports or other income generating methods. Additionally the County may require the individual EMS organization to submit yearly budgets which detail the needs of levy funds for the upcoming contract year.
- The County should include in the contract a policy provision regarding the use of public tax levy funds. Policies should be set in accordance with Auditor of State Bulletin #2003-005 and 2004-002 which discusses the allowable use of public funds.
- Each EMS organization should consult with its legal counsel to determine its legal rights and responsibilities regarding billing individuals for transport services.
- The contract should detail specifically the services, considerations, responsibilities and other contractual issues expected of the parties.
- The contract should address the status, supervision and management of the 21 individuals currently on the County payroll who are dispatchers/EMTs for the various organizations. Specifically, the contract should also address whether the individuals are contractors or County employees, compensation levels, PERS, etc.

**ADAMS COUNTY FINANCIAL CONDITION
ADAMS COUNTY**

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 Section .505
December 31, 2006
(Continued)

Finding Number 2006-003 (Continued)

Material Weakness – Emergency Medical Services (EMS) Contract (Continued)

- The contract should address the employment status of the Squad Chiefs. Currently the Chiefs receive a monthly pay from the County; however PERS is not withheld. We were unable to find written contracts with the County outlining the Chief's duties, employee status, management responsibilities, or compensation levels.

Finding Number 2006-004

Reportable Condition – Proper Public Purpose Expenditures

The Ohio Supreme Court case of State ex. rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a governmental unit should serve a public purpose. As described in Auditor of State Bulletin 2003-05, citing Ohio Attorney General Opinion 82-006, the determination of proper public purpose of an expenditure for funds for “coffee, meals, refreshments, and other amenities is a legislative decision...”. As such, the decision to expend public funds”...must be made in accordance with the procedural formalities governing the exercise of legislative power. Specifically, the decision and the rationale for the decision must be memorialized by a duly enacted ordinance or resolution...”

Auditor of State Bulletin 2004-002 states that policies related to the expenditure of public funds and the “proper public purpose” should be in writing and in effect prior to making the expenditure. Therefore, the public entity can specify what constitutes a public purpose through policies and procedures, which have been memorialized by the public entity in a resolution with a prospective effect only.

All five EMS organizations had expenditures for, among other things; meals, gifts, flowers, annual dinners, baseball game outings, and/or personal loans. The expenditures were not covered under any written or adopted policy. Policies should be established and followed to assure that public funds are expended for a proper public purpose.

**ADAMS COUNTY FINANCIAL CONDITION
ADAMS COUNTY**

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 Section .505
December 31, 2006
(Continued)

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding Number	2006-005
CFDA Title and Number	Community Development Block Grant – CFDA #14.228
Federal Award Number/Year	2006
Federal Agency	U.S. Department of Housing and Urban Development
Pass-Through Agency	Ohio Department of Development

Noncompliance Citation – Cash Management

Office of Housing and Community Partnership Financial Management Rules and Regulations, Section (A)(3)(f), states the grantees must develop a cash management system to ensure compliance with the Fifteen Day Rule relating to prompt disbursement of funds. This rule states that funds drawn down should be limited to amounts that will enable the grantee to disburse the funds on hand to a balance of less than \$5,000 within fifteen days of receipt of any funds. Lump sum draw downs are not permitted. Escrow accounts are permitted only in the case of rehabilitation of private property. For the purpose of the Fifteen Day Rule only, funds deposited into an escrow account will be considered expended, but it should be noted that funds may only be in an escrow account for 20 days.

Drawdowns were not expended within 15 days to a fund balance of less than \$5,000 for 7 of the 10 drawdowns of grant funding received during the audit period. Disbursements were made up to several months after the 15 day limitation had expired resulting in noncompliance.

We recommend drawdowns be monitored more closely to ensure that funds are expended within 15 days of receipt.

**ADAMS COUNTY FINANCIAL CONDITION
ADAMS COUNTY, OHIO**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 § .315 (b)
FOR THE YEAR ENDED DECEMBER 31, 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2005-001	Ohio Admin Code Section 117-2-03(B) requires the County to prepare its annual financial report in accordance with generally accepted accounting principles. The County filed its report using the cash basis.	No	Not Corrected, repeated as Finding 2006-001
2005-002	Contrary to ORC 307.05 and 9.60, the County did not have written contracts between the County and non profit organizations providing emergency medical services.	No	Not Corrected, repeated as Finding 2006-002
2005-003	Lack of a contract with non profit organizations providing EMS services and lack of appropriate reviews of the financial information.	No	Not Corrected, repeated as Finding 2006-003
2005-004	All five EMS organizations had expenditures which were not covered under any written or adopted policy to assure that public funds were expended for a proper public purpose.	No	Not Corrected, repeated as Finding 2006-004

ADAMS COUNTY
CORRECTIVE ACTION PLAN
OMB CIRCULAR A-133 § .315 (c)
FOR THE YEAR ENDED DECEMBER 31, 2006

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2006-001	None	N/A	David Gifford, County Auditor
2006-002	The Commissioners have retained Kramer & Associates to conduct a study of the county-wide emergency medical services. These items will be reviewed with the Prosecutors office, along with other items concerning EMS.	FY 2008	Roger Rhonemus, Commission Chair
2006-003	Adams County Commissioners are in the process of conducting a study of the EMS services provided in the county wide system. The results of this study will be reviewed with the prosecutors office.	FY 2008	Roger Rhonemus, Commission Chair
2006-004	The County Commissioners have retained Kramer & Associates to draft a comprehensive plan to address previous audit findings regarding EMS procedures. We have received the initial draft and are in the process of reviewing the plan with the 5 squad chiefs and Prosecuting Attorney, David Kelly.	FY 2008	Roger Rhonemus, Commission Chair
2006-005	The Economic Development Office has completed paperwork which will allow Adams County to electronically draw down funds from the Ohio Department of Development. We anticipate this action will greatly reduce the number of 15 day fund balances.	9-1-2007	Elaine Collins, Economic Development Director



Mary Taylor, CPA

Auditor of State

FINANCIAL CONDITION

ADAMS 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.

A handwritten signature in cursive script that reads "Susan Babbitt".

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 21, 2007**