



Mary Taylor, CPA
Auditor of State

ADAMS COUNTY
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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Adams County
110 West Main Street
West Union, Ohio 45693

To the Board of Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of Adams County, Ohio (the County), as of and for the year ended December 31, 2009, 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 conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

Ohio Administrative Code Section 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 have been prepared on an accounting basis not in accordance with these generally accepted accounting principles. The accompanying financial statements and notes omit entity wide statements, and assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

Management has not included the Adams County Hospital Fund in the County's financial statements. The Adams County Hospital Fund should be presented as a major enterprise fund and financial information about the Adams County Hospital Fund to be part of the business-type activities, thus increasing the business-type activities' assets, liabilities, net assets, revenues and expenses and changing its net assets. We cannot reasonably determine the amount by which this departure would affect the assets, liabilities, net assets, revenues and expenses of the business-type activities and the omitted major fund.

The County's financial statements do not include January 1, 2009 cash balances related to the Ambulance and EMS Special Revenue Fund (fund 010) which should be included in the Adams County financial statements as part of remaining fund information. There was insufficient documentation to support the completeness of these amounts, while material, we cannot determine at this time.

In our opinion, except for the omission of the Ambulance and EMS Special Revenue Fund January 1, 2009 cash balances in the remaining fund information referred to above, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of Adams County, Ohio, as of December 31, 2009, and the respective changes in cash financial position and the respective budgetary comparison for the General, Board of Developmental Disabilities, Job and Family Services and Motor Vehicle Gasoline Tax funds, thereof for the year ended in conformity with the basis of accounting Note 2 describes.

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In our opinion, because of the omission of the Adams County Hospital Fund, as discussed above, the financial statements referred to above do not present fairly, in conformity with the basis of accounting Note 2 describes, the financial position of the Adams County Hospital Fund of Adams County, Ohio, as of December 31, 2009, or its changes in financial position or cash flows thereof for the year then ended.

Further, in our opinion, except for the effects of not including financial information for the Adams County Hospital Fund, as part of the business-type activities, as discussed above, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Adams County, Ohio, as of December 31, 2009, and the changes in financial position thereof for the year then ended conformity with the basis of accounting Note 2 describes.

As discussed in Note 17 to the financial statements, the Adams County Hospital, a major enterprise fund of the County, did not meet certain debt covenants related to the bonds outstanding at December 31, 2009, has suffered recurring losses from operations and has a net asset deficiency. Note 17 describes Management's plans regarding these matters. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2010, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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



Mary Taylor, CPA
Auditor of State

September 20, 2010

Adams County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited

The discussion and analysis of Adams County's financial performance provides an overview of the County's financial activities for the year ended December 31, 2009, 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 13.

Financial Highlights

Key financial highlights for 2009 are as follows:

Overall:

Total net assets increased \$198,736 with governmental activities increasing by \$200,775 and business-type activities decreasing by \$2,039.

Total cash receipts were \$25,724,603 in 2009.

Total cash disbursements were \$25,525,867 in 2009.

Governmental Activities:

Total program cash receipts were \$15,455,725 in 2009, while program cash disbursements were \$25,498,113.

Program cash disbursements were primarily composed of Human Services, Public Works, Health, General Government-Legislative and Executive, and Public Safety related cash disbursements which were \$6,855,703, \$5,156,504, \$3,032,498, \$2,909,400, and \$2,845,524, respectively, in 2009.

Business-Type Activities:

Program cash receipts were \$9,234 for business-type activities, while corresponding cash disbursements were \$27,754.

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 the 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 the County, the General Fund, the Motor Vehicle Gas Tax Fund, the Job and Family Services Fund, and the ACBDD Fund are the most significant funds and have been presented as major funds.

Reporting the County as a Whole

The County's Reporting Entity Presentation

This annual report includes all activities for which the 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 two other separate legal entities that are presented as component units. The primary government consists of Adams County. The component unit presentation includes Venture Productions, Inc. on pages 13 and 14 presented on a cash basis.

Adams County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2009
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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 2009?" 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, other, 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-type 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 Hospital is also a separate legal entity; however, their financial statements are presented on the accrual basis of accounting. Therefore the financial statements of the Adams County Hospital are presented separately on pages 24 through 27.

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 Job and Family Services Fund and the ACBDD 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*.

Adams County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited

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 basis of 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 2009 as compared to 2008:

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Totals	
	2009	2008*	2009	2008	2009	2008*
Assets						
Equity in Pooled Cash, Cash Equivalents & Investments	\$8,927,966	\$8,750,295	\$9,730	\$11,769	\$8,937,696	\$8,762,064
Cash and Cash Equivalents with Fiscal Agents	168,214	173,913	0	0	168,214	173,913
Investments With Fiscal Agents	183,215	154,412	0	0	183,215	154,412
Total Assets	9,279,395	9,078,620	9,730	11,769	9,289,125	9,090,389
Net Assets						
Restricted	8,232,209	7,907,533	0	0	8,232,209	7,907,533
Unrestricted	1,047,186	1,171,087	9,730	11,769	1,056,916	1,182,856
Total Net Assets	\$9,279,395	\$9,078,620	\$9,730	\$11,769	\$9,289,125	\$9,090,389

* - As restated, see Note 16.

Total net assets increased by \$198,736 due to cash receipts exceeding cash disbursements.

Adams County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited

Table 2 shows the changes in net assets for 2009 as compared to 2008.

Table 2
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Totals	
	2009	2008*	2009	2008	2009	2008*
Cash Receipts						
<i>Program Cash Receipts</i>						
Charges For Services	\$3,001,991	\$2,993,407	\$9,234	\$22,592	\$3,011,225	\$3,015,999
Operating Grants and Contributions	12,064,049	11,148,703	0	0	12,064,049	11,148,703
Capital Grants and Contributions	389,685	1,074,252	0	0	389,685	1,074,252
Total Program Cash Receipts	15,455,725	15,216,362	9,234	22,592	15,464,959	15,238,954
<i>General Cash Receipts</i>						
Property Taxes	4,466,906	4,415,836	0	0	4,466,906	4,415,836
Sales Taxes	1,903,739	2,128,037	0	0	1,903,739	2,128,037
Grants and Entitlements Not Restricted to Specific Programs	1,334,464	1,284,138	0	0	1,334,464	1,284,138
Miscellaneous	803,050	890,817	16,481	0	819,531	890,817
Interest	129,084	275,282	0	0	129,084	275,282
Proceeds from Bonds and Loans	1,605,920	912,306	0	0	1,605,920	912,306
Total General Cash Receipts	10,243,163	9,906,416	16,481	0	10,259,644	9,906,416
Total Cash Receipts	25,698,888	25,122,778	25,715	22,592	25,724,603	25,145,370
Cash Disbursements						
<i>Program Cash Disbursements</i>						
<i>General Government</i>						
Legislative and Executive	2,909,400	2,730,182	0	0	2,909,400	2,730,182
Judicial	1,233,744	1,336,579	0	0	1,233,744	1,336,579
Public Safety	2,845,524	3,144,490	0	0	2,845,524	3,144,490
Public Works	5,156,504	5,144,760	0	0	5,156,504	5,144,760
Health	3,032,498	2,887,424	0	0	3,032,498	2,887,424
Human Services	6,855,703	7,848,278	0	0	6,855,703	7,848,278
Other	1,393,409	1,328,229	0	0	1,393,409	1,328,229
Capital Outlay	905,002	863,912	0	0	905,002	863,912
<i>Debt Service:</i>						
Principal Retirement	1,108,307	152,629	0	0	1,108,307	152,629
Interest and Fiscal Charges	58,022	31,921	0	0	58,022	31,921
Airport	0	0	26,477	27,246	26,477	27,246
Sewer	0	0	1,277	6,425	1,277	6,425
Total Cash Disbursements	25,498,113	25,468,404	27,754	33,671	25,525,867	25,502,075
Change in Net Assets	200,775	(345,626)	(2,039)	(11,079)	198,736	(356,705)
Net Assets at Beginning of Year	9,078,620	9,424,246	11,769	22,848	9,090,389	9,447,094
Net Assets at End of Year	9,279,395	\$9,078,620	\$9,730	\$11,769	\$9,289,125	\$9,090,389

* - As restated, see Note 16.

Adams County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2009
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Net assets increased \$200,775 in governmental activities in 2009. Program cash receipts were primarily composed of charges for services and operating grants and contributions which were \$3,001,991 and \$12,064,049, respectively. The largest increase was in operating grants and contributions which was primarily due to increases in intergovernmental revenue in the Motor Vehicle Gas Tax Program and the Job and Family Services Program. This increase was offset by a decrease in capital grants and contributions due to a decline in grant funding from Ohio Public Works Commission.

Program cash disbursements increased only slightly, primarily due to an increase in expenditures in principal retirement of \$955,678 due largely to the payment of the \$800,000 short term note and a decrease in expenditures in human services of \$992,575 due to close budgetary monitoring in the Job and Family Services Program.

Property taxes and sales taxes made up 17.38 percent and 7.41 percent, respectively, of cash receipts for governmental activities for the County in 2009. Operating grants and contributions made up 46.94 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 40.56 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 the cash basis) for the County.

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

	2009		2008	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Governmental Activities				
General Government				
Legislative and Executive	\$2,909,400	\$1,839,683	\$2,730,182	\$1,952,491
Judicial	1,233,744	944,243	1,336,579	1,050,542
Public Safety	2,845,524	1,667,512	3,144,490	1,930,953
Public Works	5,156,504	1,171,633	5,144,760	1,535,161
Health	3,032,498	451,679	2,887,424	716,155
Human Services	6,855,703	1,207,425	7,848,278	2,108,643
Other	1,393,409	1,092,129	1,328,229	983,886
Capital Outlay	905,002	501,755	863,912	(210,340)
Debt Service				
Principal Retirement	1,108,307	1,108,307	152,629	152,630
Interest and Fiscal Charges	58,022	58,022	31,921	31,921
Total Cash Disbursements -				
Governmental Activities	<u>\$25,498,113</u>	<u>\$10,042,388</u>	<u>\$25,468,404</u>	<u>\$10,252,042</u>
Business-Type Activities				
Airport	\$26,477	\$20,013	\$27,246	\$7,448
Sewer	1,277	(1,493)	6,425	3,631
Total Cash Disbursements -				
Business-Type Activities	<u>\$27,754</u>	<u>\$18,520</u>	<u>\$33,671</u>	<u>\$11,079</u>

Adams County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited

Business-Type Activities

Business-type activities include wastewater treatment services and the County airport. Overall net assets decreased \$2,039 from 2008 to 2009. Only program cash receipts supported business-type activities and during 2009 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 15. These funds are accounted for using the cash basis of accounting. All governmental funds had total cash receipts and other financing sources of \$26,138,216 and cash disbursements and other financing uses of \$25,937,441. The net change in fund balance for the year was most significant in the Job and Family Services Fund, the Motor Vehicle Gas Tax Fund and the General Fund. The fund balance in the Job and Family Services Fund increased \$249,890 primarily due to an increase in intergovernmental receipts and a decrease in human services expenditures. The fund balance of the Motor Vehicle Gas Tax Fund decreased \$149,011 primarily due to an increase in cash disbursements for principal retirement. The fund balance of the General Fund decreased \$123,901 due to an overall decrease in cash receipts. The fund balance of the ACBDD Fund increased \$79,805 primarily due to an increase in other receipts.

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 and other financing sources were \$6,631,115, below original budget estimates of \$6,714,179. Of this \$83,064 difference, final budgeted tax receipts were \$43,782 below original estimates, charges for services receipts were \$12,473 below original estimates, intergovernmental receipts were \$16,670 below original estimates, and various other receipt categories made up the difference. Actual cash basis receipts and other financing sources were \$257,731 higher than final budgeted receipts which was primarily due to higher than expected tax receipts. Final budgeted appropriations were \$7,406,324, below original appropriations of \$8,144,642. Of the \$738,318 difference, final budgeted appropriations in the legislative and executive, public safety, and judicial expense accounts were \$292,731, \$108,253, and \$118,602 below original budgeted appropriations, respectively. Total actual disbursements and other financing uses on the budget basis (cash outlays plus encumbrances) were \$7,120,319, which was \$231,473 above cash receipts and other financing sources. The actual fund balance for the General Fund exceeded the final budgeted fund balance by \$543,736.

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 \$905,002 during 2009.

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 notes and short-term notes. At December 31, 2009, the County had \$2,509,131 in bonds and related long-term debt for governmental activities. For additional information on debt, please see Note 9.

Adams County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2009
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Table 4 summarizes bonds, loans and notes outstanding for Governmental Activities for the past two years:

Table 4
 Outstanding Debt at December 31
 Governmental Activities

	2009	2008
General Obligation Bonds	\$250,000	\$365,000
Special Assessment Bonds	271,754	277,327
OPWC Loans	993,499	286,118
OWDA Loan	890,878	249,565
USDA Bonds	103,000	42,000
Bond Anticipation Notes	0	800,000
Totals	\$2,509,131	\$2,020,010

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, 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 of Adams County, 110 West Main Street, West Union, Ohio 45693-1395, or email at adamscoaud@cinci.rr.com.

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Adams County, Ohio
Statement of Net Assets - Cash Basis
As of December 31, 2009

	Primary Government		Total	Component Unit
	Governmental Activities	Business-Type Activities		Venture Productions, Inc.
ASSETS:				
Equity in Pooled Cash, Cash Equivalents, and Investments	\$8,927,966	\$9,730	\$8,937,696	\$0
Cash and Cash Equivalents with Fiscal Agents	168,214	0	168,214	0
Investments with Fiscal Agents	183,215	0	183,215	0
Cash and Cash Equivalents	<u>0</u>	<u>0</u>	<u>0</u>	<u>186,748</u>
<i>Total Assets</i>	<u>9,279,395</u>	<u>9,730</u>	<u>9,289,125</u>	<u>186,748</u>
NET ASSETS:				
Restricted for Debt Service	20,254	0	20,254	0
Restricted for Capital Outlay	12,010	0	12,010	0
Restricted for ACBDD	2,827,730	0	2,827,730	0
Restricted for Motor Vehicle Gas Tax	1,494,361	0	1,494,361	0
Restricted for Job and Family Services	636,706	0	636,706	0
Restricted for Real Estate Assessment	641,829	0	641,829	0
Restricted for Ambulance and EMS	546,146	0	546,146	0
Restricted for Other Purposes	2,053,173	0	2,053,173	0
Unrestricted	<u>1,047,186</u>	<u>9,730</u>	<u>1,056,916</u>	<u>186,748</u>
<i>Total Net Assets</i>	<u>\$9,279,395</u>	<u>\$9,730</u>	<u>\$9,289,125</u>	<u>\$186,748</u>

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

Adams County, Ohio
Statement of Activities - Cash Basis
For the Year Ended December 31, 2009

	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	\$2,909,400	\$451,381	\$618,336	\$0	(\$1,839,683)	\$0	(\$1,839,683)	\$0
Judicial	1,233,744	206,621	82,880	0	(944,243)	0	(944,243)	0
Public Safety	2,845,524	429,257	748,755	0	(1,667,512)	0	(1,667,512)	0
Public Works	5,156,504	558,937	3,425,934	0	(1,171,633)	0	(1,171,633)	0
Health	3,032,498	334,622	2,246,197	0	(451,679)	0	(451,679)	0
Human Services	6,855,703	773,762	4,874,516	0	(1,207,425)	0	(1,207,425)	0
Other	1,393,409	233,849	67,431	0	(1,092,129)	0	(1,092,129)	0
Capital Outlay	905,002	13,562	0	389,685	(501,755)	0	(501,755)	0
Debt Service:								
Principal Retirement	1,108,307	0	0	0	(1,108,307)	0	(1,108,307)	0
Interest and Fiscal Charges	58,022	0	0	0	(58,022)	0	(58,022)	0
Total Governmental Activities	25,498,113	3,001,991	12,064,049	389,685	(10,042,388)	0	(10,042,388)	0
Business-Type Activities:								
Airport	26,477	6,464	0	0	0	(20,013)	(20,013)	0
Sewer	1,277	2,770	0	0	0	1,493	1,493	0
Total Business-Type Activities	27,754	9,234	0	0	0	(18,520)	(18,520)	0
Component Units:								
Venture Productions, Inc.	167,442	209,134	0	0				41,692
Total Component Units	167,442	209,134	0	0				41,692
Totals	\$25,693,309	\$3,220,359	\$12,064,049	\$389,685				41,692
General Cash Receipts								
Property Taxes Levied for:								
General Purposes								
					1,848,248	0	1,848,248	0
Other Purposes								
					2,487,765	0	2,487,765	0
Debt Service								
					130,893	0	130,893	0
Sales Taxes Levied for General Purposes								
					1,903,739	0	1,903,739	0
Grants and Entitlements Not								
Restricted to Specific Programs								
					1,334,464	0	1,334,464	0
Miscellaneous								
					803,050	16,481	819,531	0
Interest								
					129,084	0	129,084	0
Proceeds from Bonds and Loans								
					1,605,920	0	1,605,920	0
Total General Cash Receipts					10,243,163	16,481	10,259,644	0
Change in Net Assets					200,775	(2,039)	198,736	41,692
Net Assets Beginning of Year, as Restated - See Note 16					9,078,620	11,769	9,090,389	145,056
Net Assets End of Year					\$9,279,395	\$9,730	\$9,289,125	\$186,748

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

Adams County, Ohio
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
As of December 31, 2009

	General	ACBDD	Motor Vehicle Gas Tax	Job and Family Services	All Other Governmental Funds	Total Governmental Funds
ASSETS:						
Equity in Pooled Cash, Cash Equivalents, and Investments	\$1,047,186	\$2,476,301	\$1,494,361	\$636,706	\$3,273,412	\$8,927,966
Cash and Cash Equivalents with Fiscal Agents	0	168,214	0	0	0	168,214
Investments with Fiscal Agents	0	183,215	0	0	0	183,215
<i>Total Assets</i>	<u>\$1,047,186</u>	<u>\$2,827,730</u>	<u>\$1,494,361</u>	<u>\$636,706</u>	<u>\$3,273,412</u>	<u>\$9,279,395</u>
FUND BALANCES:						
Reserved for Encumbrances	\$107,572	\$70,921	\$77,212	\$89,918	\$397,964	\$743,587
Unreserved, Undesignated Reported In:						
General Fund	939,614	0	0	0	0	939,614
Special Revenue Funds	0	2,756,809	1,417,149	546,788	2,851,810	7,572,556
Debt Service Funds	0	0	0	0	20,254	20,254
Capital Projects Funds	0	0	0	0	3,384	3,384
<i>Total Fund Balances</i>	<u>\$1,047,186</u>	<u>\$2,827,730</u>	<u>\$1,494,361</u>	<u>\$636,706</u>	<u>\$3,273,412</u>	<u>\$9,279,395</u>

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

Adams County, Ohio
Statement of Cash Receipts, Cash Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2009

	General	ACBDD	Motor Vehicle Gas Tax	Job and Family Services	All Other Governmental Funds	Total Governmental Funds
CASH RECEIPTS:						
Taxes	\$3,751,987	\$735,291	\$0	\$0	\$1,883,367	\$6,370,645
Special Assessments	0	0	0	0	46,985	46,985
Charges for Services	998,423	22,936	0	133,706	1,554,385	2,709,450
Licenses and Permits	1,930	0	0	0	0	1,930
Fines and Forfeitures	188,402	0	26,149	0	29,075	243,626
Intergovernmental	1,334,464	855,777	4,021,959	3,833,849	3,742,149	13,788,198
Interest	98,227	11,503	19,354	0	0	129,084
Other	262,894	70,660	25,007	258,251	186,238	803,050
<i>Total Cash Receipts</i>	<u>6,636,327</u>	<u>1,696,167</u>	<u>4,092,469</u>	<u>4,225,806</u>	<u>7,442,199</u>	<u>24,092,968</u>
CASH DISBURSEMENTS:						
Current:						
General Government:						
Legislative and Executive	2,087,789	0	0	0	821,611	2,909,400
Judicial	1,123,618	0	0	0	110,126	1,233,744
Public Safety	1,850,619	0	0	0	994,905	2,845,524
Public Works	82,149	0	3,775,211	0	1,299,144	5,156,504
Health	47,874	1,616,362	0	0	1,368,262	3,032,498
Human Services	378,712	0	0	3,975,916	2,501,075	6,855,703
Other	1,293,810	0	0	0	99,599	1,393,409
Capital Outlay	0	0	0	0	905,002	905,002
Debt Service:						
Principal Retirement	0	0	816,984	0	291,323	1,108,307
Interest and Fiscal Charges	0	0	31,285	0	26,737	58,022
<i>Total Cash Disbursements</i>	<u>6,864,571</u>	<u>1,616,362</u>	<u>4,623,480</u>	<u>3,975,916</u>	<u>8,417,784</u>	<u>25,498,113</u>
<i>Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements</i>	<u>(228,244)</u>	<u>79,805</u>	<u>(531,011)</u>	<u>249,890</u>	<u>(975,585)</u>	<u>(1,405,145)</u>
OTHER FINANCING SOURCES (USES):						
Proceeds from Bonds and Loans	0	0	382,000	0	1,223,920	1,605,920
Transfers In	6,879	0	0	0	136,514	143,393
Advances In	245,640	0	0	0	50,295	295,935
Transfers Out	(97,881)	0	0	0	(45,512)	(143,393)
Advances Out	(50,295)	0	0	0	(245,640)	(295,935)
<i>Total Other Financing Sources (Uses)</i>	<u>104,343</u>	<u>0</u>	<u>382,000</u>	<u>0</u>	<u>1,119,577</u>	<u>1,605,920</u>
<i>Net Change in Fund Cash Balances</i>	<u>(123,901)</u>	<u>79,805</u>	<u>(149,011)</u>	<u>249,890</u>	<u>143,992</u>	<u>200,775</u>
<i>Fund Cash Balances at Beginning of Year, as Restated - See Note 16</i>	<u>1,171,087</u>	<u>2,747,925</u>	<u>1,643,372</u>	<u>386,816</u>	<u>3,129,420</u>	<u>9,078,620</u>
<i>Fund Cash Balances at End of Year</i>	<u>\$1,047,186</u>	<u>\$2,827,730</u>	<u>\$1,494,361</u>	<u>\$636,706</u>	<u>\$3,273,412</u>	<u>\$9,279,395</u>

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

Adams County, Ohio
*Statement of Receipts, Disbursements,
and Changes in Fund Balance - Budget and Actual (Budgetary Basis)
For the Year Ended December 31, 2009*

	General Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
RECEIPTS:				
Taxes	\$3,684,353	\$3,640,571	\$3,751,987	\$111,416
Charges for Services	962,033	949,560	998,423	48,863
Licenses and Permits	1,860	1,836	1,930	94
Fines and Forfeitures	181,535	179,182	188,402	9,220
Intergovernmental	1,285,826	1,269,156	1,334,464	65,308
Interest	100,000	95,000	98,227	3,227
Other	257,319	257,686	262,894	5,208
<i>Total Receipts</i>	<u>6,472,926</u>	<u>6,392,991</u>	<u>6,636,327</u>	<u>243,336</u>
DISBURSEMENTS:				
Current:				
General Government:				
Legislative and Executive	2,516,611	2,320,235	2,195,361	124,874
Judicial	1,320,381	1,201,779	1,123,618	78,161
Public Safety	1,979,794	1,871,541	1,850,619	20,922
Public Works	93,402	85,255	82,149	3,106
Health	54,757	59,424	47,874	11,550
Human Services	625,523	434,960	378,712	56,248
Other	1,425,114	1,389,273	1,293,810	95,463
<i>Total Disbursements</i>	<u>8,015,582</u>	<u>7,362,467</u>	<u>6,972,143</u>	<u>390,324</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	<u>(1,542,656)</u>	<u>(969,476)</u>	<u>(335,816)</u>	<u>633,660</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	2,438	2,406	6,879	4,473
Transfers Out	(93,000)	(104,152)	(97,881)	6,271
Advances In	238,815	235,718	245,640	9,922
Advances Out	0	0	(50,295)	(50,295)
<i>Total Other Financing Sources (Uses)</i>	<u>148,253</u>	<u>133,972</u>	<u>104,343</u>	<u>(29,629)</u>
<i>Excess of Receipts and Other Financing Sources over (under) Disbursements and Other Financing Uses</i>	<u>(1,394,403)</u>	<u>(835,504)</u>	<u>(231,473)</u>	<u>604,031</u>
<i>Fund Balance at Beginning of Year</i>	1,008,219	1,008,219	1,008,219	0
<i>Prior Year Encumbrances Appropriated</i>	<u>162,868</u>	<u>162,868</u>	<u>162,868</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>(\$223,316)</u></u>	<u><u>\$335,583</u></u>	<u><u>\$939,614</u></u>	<u><u>\$604,031</u></u>

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

Adams County, Ohio
*Statement of Receipts, Disbursements,
and Changes in Fund Balance - Budget and Actual (Budgetary Basis)
For the Year Ended December 31, 2009*

	ACBDD Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
RECEIPTS:				
Taxes	\$700,000	\$732,000	\$735,291	\$3,291
Charges for Services	19,413	22,931	22,936	5
Intergovernmental	687,752	812,395	855,777	43,382
Interest	0	0	11,503	11,503
Other	59,805	70,644	70,660	16
<i>Total Receipts</i>	<u>1,466,970</u>	<u>1,637,970</u>	<u>1,696,167</u>	<u>58,197</u>
DISBURSEMENTS:				
Current:				
Health	<u>2,287,411</u>	<u>2,287,411</u>	<u>1,687,283</u>	<u>600,128</u>
<i>Total Disbursements</i>	<u>2,287,411</u>	<u>2,287,411</u>	<u>1,687,283</u>	<u>600,128</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	<u>(820,441)</u>	<u>(649,441)</u>	<u>8,884</u>	<u>658,325</u>
<i>Fund Balance at Beginning of Year - As Restated, See Note 16</i>	2,660,514	2,660,514	2,660,514	0
<i>Prior Year Encumbrances Appropriated</i>	<u>87,411</u>	<u>87,411</u>	<u>87,411</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$1,927,484</u>	<u>\$2,098,484</u>	<u>\$2,756,809</u>	<u>\$658,325</u>

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

Adams County, Ohio
*Statement of Receipts, Disbursements,
and Changes in Fund Balance - Budget and Actual (Budgetary Basis)
For the Year Ended December 31, 2009*

	Motor Vehicle Gas Tax Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
RECEIPTS:				
Fines and Forfeitures	\$20,454	\$25,671	\$26,149	\$478
Intergovernmental	2,752,853	3,948,721	4,021,959	73,238
Interest	16,000	18,881	19,354	473
Other	328,693	17,427	25,007	7,580
<i>Total Receipts</i>	<u>3,118,000</u>	<u>4,010,700</u>	<u>4,092,469</u>	<u>81,769</u>
DISBURSEMENTS:				
Current:				
Public Works	3,468,796	4,321,156	3,852,423	468,733
Debt Service:				
Principal Retirement	157,000	858,984	816,984	42,000
Interest and Fiscal Charges	0	40,000	31,285	8,715
<i>Total Disbursements</i>	<u>3,625,796</u>	<u>5,220,140</u>	<u>4,700,692</u>	<u>519,448</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	<u>(507,796)</u>	<u>(1,209,440)</u>	<u>(608,223)</u>	<u>601,217</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from Bonds and Loans	382,000	382,000	382,000	0
<i>Total Other Financing Sources (Uses)</i>	<u>382,000</u>	<u>382,000</u>	<u>382,000</u>	<u>0</u>
<i>Excess of Receipts and Other Financing Sources over (under) Disbursements and Other Financing Uses</i>	<u>(125,796)</u>	<u>(827,440)</u>	<u>(226,223)</u>	<u>601,217</u>
<i>Fund Balance at Beginning of Year</i>	1,517,576	1,517,576	1,517,576	0
<i>Prior Year Encumbrances Appropriated</i>	<u>125,796</u>	<u>125,796</u>	<u>125,796</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$1,517,576</u>	<u>\$815,932</u>	<u>\$1,417,149</u>	<u>\$601,217</u>

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

Adams County, Ohio
*Statement of Receipts, Disbursements,
and Changes in Fund Balance - Budget and Actual (Budgetary Basis)
For the Year Ended December 31, 2009*

	Job and Family Services Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
RECEIPTS:				
Charges for Services	\$134,021	\$134,021	\$133,706	(\$315)
Intergovernmental	3,842,768	3,842,768	3,833,849	(8,919)
Other	258,982	258,982	258,251	(731)
<i>Total Receipts</i>	<u>4,235,771</u>	<u>4,235,771</u>	<u>4,225,806</u>	<u>(9,965)</u>
DISBURSEMENTS:				
Current:				
Human Services	4,578,526	4,578,526	4,065,834	512,692
<i>Total Disbursements</i>	<u>4,578,526</u>	<u>4,578,526</u>	<u>4,065,834</u>	<u>512,692</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	<u>(342,755)</u>	<u>(342,755)</u>	<u>159,972</u>	<u>502,727</u>
<i>Fund Balance at Beginning of Year</i>	237,372	237,372	237,372	0
<i>Prior Year Encumbrances Appropriated</i>	<u>149,444</u>	<u>149,444</u>	<u>149,444</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$44,061</u></u>	<u><u>\$44,061</u></u>	<u><u>\$546,788</u></u>	<u><u>\$502,727</u></u>

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

Adams County, Ohio
Statement of Cash Basis Assets and Net Assets
Proprietary Funds
As of December 31, 2009

	<u>Enterprise Funds</u>
ASSETS:	
Equity in Pooled Cash, Cash Equivalents, and Investments	<u>\$9,730</u>
NET ASSETS:	
Unrestricted	<u>\$9,730</u>

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

Adams County, Ohio
*Statement of Cash Receipts, Cash Disbursements and
 Changes in Cash Basis Net Assets
 Proprietary Funds
 For the Year Ended December 31, 2009*

	Enterprise Funds
OPERATING CASH RECEIPTS:	
Charges for Services	\$9,234
<i>Total Operating Cash Receipts</i>	9,234
OPERATING CASH DISBURSEMENTS:	
Contractual Services	1,277
Materials and Supplies	26,477
<i>Total Operating Cash Disbursements</i>	27,754
<i>Operating Cash Receipts Over (Under) Operating Cash Disbursements</i>	(18,520)
NONOPERATING CASH RECEIPTS:	
Other Nonoperating receipts	16,481
<i>Total Nonoperating Cash Receipts</i>	16,481
<i>Changes in Net Cash Assets</i>	(2,039)
<i>Net Cash Assets at Beginning of Year</i>	11,769
<i>Net Cash Assets at End of Year</i>	\$9,730

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

Adams County, Ohio
Statement of Fiduciary Net Assets
Agency Funds
As of December 31, 2009

	<u>Agency Funds</u>
ASSETS:	
Equity in Pooled Cash, Cash Equivalents, and Investments	\$1,301,446
Cash and Cash Equivalents in Segregated Accounts	<u>483,378</u>
<i>Total Assets</i>	<u>1,784,824</u>
NET ASSETS:	
Unrestricted	<u>1,784,824</u>
<i>Total Net Assets</i>	<u><u>\$1,784,824</u></u>

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

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Adams County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

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, and human services.

Reporting Entity

The County utilizes the standards of Governmental Accounting Standards Board Statement No. 14 for determining the reporting entity. The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the County are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the County. For the County, this includes the Board of Developmental Disabilities and all departments and activities that are directly operated by the elected County officials.

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 presented on the County's financial statement. Separately-issued financial statements can be obtained from Adams County Hospital, 230 Medical Center Drive, Seaman, Ohio 45679.

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 include 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.

As the custodian of public funds, the County Treasurer invests all public monies on deposit in the County Treasury. In the case of separate agencies, boards, and commissions listed below, the County serves as fiscal agent, but is not financially accountable for their operations. Accordingly, the activity of the following districts and agencies is presented as agency funds within the County's financial statements: Soil and Water Conservation District, Adams County Health District, and Family and Children First Council.

The component unit column on the financial statements identifies the financial data of Venture Productions, Inc. The component unit is reported separately to emphasize that it is legally separate from the County. Information about Venture Productions, Inc. is presented with the County's disclosures.

Venture Productions, Inc. is a legally separate, not-for-profit corporation, served by a board of trustees appointed by the Adams County Board of Developmental Disabilities (ACBDD). The workshop, under contractual agreement with the Adams County Board of Developmental Disabilities, provides sheltered employment for mentally and/or physically handicapped adults in Adams County. The Adams County Board of Developmental Disabilities 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.

NOTE 1 - DESCRIPTION OF THE COUNTY AND REPORTING ENTITY (Continued)

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 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.

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.

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 self-balancing set of accounts.

Governmental Funds

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

General Fund

This 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.

ACBDD 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Job and Family Services 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.

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. Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the fund. 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 purchases 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 net assets) 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 2009, the County has continued to follow the provisions of GASB 34 for financial reporting on the cash basis of accounting, 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, which provide a more detailed level of financial information.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The 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 display information regarding one of the legally separate entities 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, Venture Productions, Inc.'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).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash Receipts – Exchange and Non-exchange Transactions

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

Non-exchange transactions, in which the County receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the 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. Budgeted receipts as shown in the accompanying financial statements do not include January 1 unencumbered fund balances. However, those fund balances are available for appropriations. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts in the amended certificate of estimated resources in effect at the time the final appropriations were passed.

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 amounts reported as the original budgeted amounts reflect the original budget approved by the County Commissioners. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the County Commissioners during the year.

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, 2009. 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 eleven to fifteen 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 2009, interest receipts credited to the General Fund, ACBDD Fund, and the Motor Vehicle/Gas Tax Fund were \$98,227, \$11,503, and \$19,354, respectively.

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, 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 \$8,232,209 of restricted net assets, none is restricted by enabling legislation.

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 current five year period of designation of depositories.

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 farmcredit 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 repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- 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);

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 \$6,000 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 are not 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 \$11,335,643 is either covered by FDIC or collateralized by the financial institutions' public entity deposit pools in the manner as described above.

\$351,429 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 – Venture Productions, Inc.

At year-end, the carrying amount of Venture Productions, Inc.'s deposits was \$186,748 and the bank balance was \$186,748. The bank balance was covered by federal deposit insurance.

Adams County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

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	ACBDD	Motor Vehicle Gas Tax	Job and Family Services
Budgetary Basis Fund Balances	\$939,614	\$2,756,809	\$1,417,149	\$546,788
Encumbrances		70,921	77,212	89,918
Fund Cash Balances	<u>\$1,047,186</u>	<u>\$2,827,730</u>	<u>\$1,494,361</u>	<u>\$636,706</u>

NOTE 5 – TAXES

PERMISSIVE SALES AND USE TAX

The County Commissioners, by resolution, imposed a 1 percent tax on all retail sales made in the County, except sales of motor vehicles, and on the storage, use, or consumption of tangible personal property in the County, including motor vehicles, not subject to the sales tax. In addition, the voters have authorized an additional 0.5 percent 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 receipts received during 2009 for real and public utility property taxes represent collection of 2008 taxes. Property tax payments received during 2009 for tangible personal property (other than public utility property) are for 2008 taxes.

2009 real property taxes are levied after October 1, 2009 on the assessed value as of January 1, 2009, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2009 real property taxes are intended to finance 2010.

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. 2009 public utility property taxes became a lien December 31, 2008, are levied after October 1, 2009, and are collected in 2010 with real property taxes.

2009 tangible personal property taxes are levied after October 1, 2008, on the value as of December 31, 2008. Collections are made in 2009. Tangible personal property assessments are 25 percent of true value. The tangible personal property tax will phase out over a four-year period starting with tax year 2006 and ending in 2009. This phase-out applies to most businesses and includes furniture and fixtures, machinery and equipment and inventory. New manufacturing machinery and equipment first reported on the 2006 and subsequent year returns is not subject to the personal property tax.

The assessed value for the taxes levied in 2009 was \$581,865,660 of which real property represented 66 percent (\$385,805,020) of the total, public utility property represented 34 percent (\$195,105,000) of the total, and tangible personal property represented less than one percent (\$955,640) of the total. The full tax rate for all County operations for taxes collected in 2009 was \$9.86 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.

Adams County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

NOTE 5 – TAXES (Continued)

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.

The Adams County Treasurer collects property taxes 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. Collection 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 CORSA are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any time.

Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the board of trustees. CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payment of the certificates.

Insurance coverage stayed the same as in the prior year. Settled claims during 2009 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:

	<u>2009</u>	<u>2008</u>
Assets.....	\$72,479,935	82,373,861
Liabilities.....	46,928,457	48,600,249
Net Assets.....	<u>\$25,551,478</u>	<u>\$33,773,612</u>

NOTE 7 - RETIREMENT SYSTEMS

Ohio Public Employees Retirement System (OPERS)

- A. The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans as described below:
- 1) The Traditional Pension Plan (TP) – a cost-sharing multiple-employer defined benefit pension plan.
 - 2) 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.
 - 3) The Combined Plan (CO) – a cost-sharing multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions 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.
- B. OPERS provides retirement, disability, and survivor and death benefits and annual cost-of-living adjustments to qualifying members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.
- C. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.
- D. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling 614-222-5601 or 800-222-7377.
- E. The Ohio Revised Code provides statutory authority for member and employer contributions. For 2009, member and employer contribution rates were consistent across all three plans.

The 2009, 2008, and 2007 member contribution rates were 10.0%, 10.0%, and 9.5%, respectively, for members in state and local classifications. Public safety and law enforcement members contributed at a rate of 10.1%, 10.1%, and 9.75%, respectively.

The 2009, 2008, and 2007 employer contribution rates for members in state and local classifications were 14.0%, 14.0%, and 13.85%, respectively, of covered payroll. For both public safety and law enforcement divisions, the employer contribution rates were 17.63%, 17.4%, and 17.17%, respectively.

The County's contributions to OPERS for the years ended December 31, 2009, 2008, and 2007 were \$1,377,567, \$1,299,684, and \$1,227,122, respectively, which were equal to the required contributions for those years.

State Teachers Retirement System (STRS)

State Teachers Retirement System of Ohio (STRS Ohio) is a cost-sharing, multiple-employer public employee 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, community school, college, university, institution or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof.

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 percent of earned compensation among various investment choices. The Combined Plan offers features of the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the 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 to the DB 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.

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 an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. A reemployed retiree may alternatively receive a refund of only member contributions with interest before age 65, once employment is terminated.

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

NOTE 7 - RETIREMENT SYSTEMS (Continued)

State Teachers Retirement System (STRS) (Continued)

The DB and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. 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 DB 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 DB 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 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.

For the year ended December 31, 2009, plan members were required to contribute 10 percent of their annual covered salaries. The County was required to contribute 14 percent. The County's required contributions for pension obligations to STRS Ohio for the years ended 2009, 2008, and 2007 were \$7,317, \$8,638, and \$6,674, respectively; which were equal to the required amounts for those years.

STRS Ohio issues a stand-alone financial report. Additional information or copies of STRS Ohio's Comprehensive Annual Financial Report can be requested by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling 888-227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

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, 2009, none have elected Social Security.

NOTE 8 - POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System (OPERS)

- A. 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 maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension 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-employment 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 meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

NOTE 8 - POSTEMPLOYMENT BENEFITS (Continued)

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interest parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

- B. The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2009, the County contributed at 14.0% of covered payroll for state and local employees and 17.63% for public safety and law enforcement employees. The Ohio Revised Code currently limits the employer contribution rate not to exceed 14.0% of covered payroll for state and local employer units and 18.1% for members of law enforcement. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care was 7.0% from January 1 through March 31, 2009 and 5.5% from April 1 through December 31, 2009. For 2008, the employer contributions allocated to the health care plan was 7.0% of covered payroll. For 2007, these percentages were 5.0% for January through June 2007 and 6.0% for July through December 2007. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

- C. The employer contributions that were used to fund post-employment benefits were \$578,086 for 2009, \$649,842 for 2008, and \$476,894 for 2007.
- D. The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year from 2006 to 2008. These rate increases allowed additional funds to be allocated to the health care plan.

State Teachers Retirement System

STRS Ohio administers a pension plan that is comprised of: a Defined Benefit Plan; a self-directed Defined Contribution Plan; and a Combined Plan, which is a hybrid of the Defined Benefit and Defined Contribution plan.

Ohio law authorizes STRS Ohio to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the Defined Benefit or Combined Plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. Pursuant to Section 3307 of the Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

STRS Ohio issues a stand-alone financial report. Interested parties can view the most recent Comprehensive Annual Financial Report by visiting www.strsoh.org or by requesting a copy by calling toll free 888-227-7877.

Adams County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

NOTE 8 - POSTEMPLOYMENT BENEFITS (Continued)

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14% contribution rate, 1% of covered payroll was allocated to post-employment health care for the years ended June 30, 2009, 2008 and 2007. For the County, these amounts equaled \$523, \$617, and \$477, respectively, for 2009, 2008, and 2007. The 14% employer contribution rate is the maximum rate established under Ohio Law.

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 2009 is as follows:

	Beginning Balance 1/1/2009	Additions	Payments	Ending Balance 12/31/2009	Due in One Year
General Obligation Bonds, 3.75 - 5.25%	\$ 365,000	\$ -	\$ 115,000	\$ 250,000	\$ 120,000
Special Assessment Bonds, 3.25%	277,327	-	5,573	271,754	5,756
OPWC Loan #CO02H, 0%	85,800	-	5,200	80,600	5,200
OPWC Loan #CO09I, 0%	200,318	-	11,784	188,534	11,783
OPWC Loan #CO15L, 0%	-	350,857	-	350,857	-
OPWC Loan #CO05M, 0%	-	382,000	-	382,000	12,734
OWDA Loan #4623, 4.82%	249,565	6,706	94,307	161,964	-
OWDA Loan #4981, 1.00%	-	739,742	10,828	728,914	-
OWDA Loan #5226, 0%	-	51,615	51,615	-	-
USDA Police Cruiser Bonds 2009, 4.5%	-	75,000	-	75,000	15,000
USDA Police Cruiser Bonds 2006, 4.5%	42,000	-	14,000	28,000	14,000
	<u>\$ 1,220,010</u>	<u>\$ 1,605,920</u>	<u>\$ 308,307</u>	<u>\$ 2,517,623</u>	<u>\$ 184,473</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 resources are pledged and are payable from taxes levied on all taxable property in the County. The bonds were originally issued in the amount of \$1,160,000 and mature December 1, 2011. These bonds are being repaid from the Debt Service fund.

Outstanding special assessment bonds in the amount of \$320,163 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, maturing June 1, 2039.

Adams County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

NOTE 9 - DEBT OBLIGATIONS (Continued)

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 \$235,669 for 2005 represented in the amortization schedule at 0% interest, with semi-annual payments of \$5,892, maturing January 1, 2026. The OPWC loans are being repaid from the Motor Vehicle Gas Tax fund.

During 2007, the County Commissioners issued \$70,000 of USDA bonds for the purpose of purchasing six sheriff's cruisers. The bonds bear interest at 4.5% and mature in 2011. The bonds will be repaid from the Debt Retirement – Cruisers Fund.

During 2007, the County entered into a loan agreement (Loan #4623) with the Ohio Water Development Authority (OWDA) for the purpose of obtaining funds in the amount of \$262,065 for the design phase of the wastewater plant improvement project. As of December 31, 2009, all funds have been drawn, but a final amortization schedule has not yet been prepared and therefore is not included in the amortization schedules below. This loan carries an interest rate of 4.82% and is scheduled to mature on July 1, 2012.

During 2008, the County entered into a loan agreement (Loan #4981) with OWDA for the purpose of obtaining funds in the amount of \$754,764 for phase one of the wastewater plant improvement project. As of December 31, 2009, \$739,742 had been drawn. This loan carries an interest rate of 1% and is scheduled to mature on July 1, 2039. A final amortization schedule has not been prepared and this loan is not included in the amortization schedules below.

During 2009, the County entered into a grant/loan agreement with OPWC. The agreement, pertaining to Sproull Bridge Replacement, includes a grant of \$458,200 and a loan (Loan #CO05M) in the amount of \$382,000 at 0% interest. This loan will be paid in semi-annual installments of \$6,367 and mature on January 1, 2039. This loan will be paid from the Motor Vehicle Gas Tax fund.

During 2009, the County Commissioners issued \$350,857 in OPWC loan funds pertaining to the Schools' Access and Sewage Project, Phase I. This loan (CO15L) has a 0.00% interest rate, however the project is not complete, and therefore the amortization schedule is not available. This loan will be paid from the Debt Service fund.

During 2009, the County entered into a grant/loan agreement (Loan #5226) with OWDA and the American Reinvestment and Recovery Act (ARRA) for the purpose of obtaining funds in the amount of \$61,877 Home Sewage Treatment System project. As of December 31, 2009, \$51,615 has been drawn. The entire amount of the loan was paid with ARRA grant funding. The loan carries an interest rate of 0.00%.

During 2009, the County Commissioners issued \$75,000 in USDA bonds for the purpose of purchasing police cruisers. The bonds bear interest at 4.5% and mature in 2014. The bonds will be repaid from the Debt Retirement – Cruisers Fund.

At December 31, 2009, the County's overall legal debt margin was \$10,537,511 with an unvoted debt margin of \$5,818,657.

Adams County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

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
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	0	0	0	2012	6,139	8,402	14,541
2013	0	0	0	2013	6,340	8,201	14,541
2014	0	0	0	2014	6,547	7,993	14,540
2015-2019	0	0	0	2015-2019	36,098	36,605	72,703
2020-2024	0	0	0	2020-2024	42,415	30,291	72,706
2025-2029	0	0	0	2025-2029	49,833	22,874	72,707
2030-2034	0	0	0	2030-2034	58,550	14,155	72,705
2035-2039	0	0	0	2035-2039	54,132	4,031	58,163
Total	<u>\$250,000</u>	<u>\$16,790</u>	<u>\$266,790</u>	Total	<u>\$271,754</u>	<u>\$149,936</u>	<u>\$421,690</u>

OPWC Loans				USDA Bonds			
Due In	Principal	Interest	Total	Due In	Principal	Interest	Total
2010	\$29,717	\$0	\$29,717	2010	\$29,000	\$4,515	\$33,515
2011	29,717	0	29,717	2011	29,000	3,330	32,330
2012	29,717	0	29,717	2012	15,000	2,025	17,025
2013	29,717	0	29,717	2013	15,000	1,350	16,350
2014	29,717	0	29,717	2014	15,000	675	15,675
2015-2019	148,584	0	148,584	2015-2019	0	0	0
2020-2024	148,584	0	148,584	2020-2024	0	0	0
2025-2029	78,050	0	78,050	2025-2029	0	0	0
2030-2034	63,666	0	63,666	2030-2034	0	0	0
2035-2039	63,666	0	63,666	2035-2039	0	0	0
Total	<u>\$651,135</u>	<u>\$0</u>	<u>\$651,135</u>	Total	<u>\$103,000</u>	<u>\$11,895</u>	<u>\$114,895</u>

Adams County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

NOTE 9 - DEBT OBLIGATIONS (Continued)

Short-Term Debt Obligations:

During 2008, the County issued \$800,000 in bond anticipation notes for the purpose of replacing the Sproull Bridge. The notes bear an interest rate of 3.75%, which was paid, along with principal, in March 2009.

Information regarding the County's short-term debt obligations during 2009 is as follows:

	Beginning Balance 1/1/2009	Additions	Payments	Ending Balance 12/31/2009	Due in One Year
Sproull Bridge Replacement Bond Anticipation Notes	\$800,000	\$0	\$800,000	\$0	\$0

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 fifteen member board with each participating County represented by its Director of the Board of Developmental Disabilities. Member counties include: Adams, Athens, Brown, Clinton, Fayette, Gallia, Highland, Jackson, Lawrence, Meigs, Pickaway, Pike, Ross, Scioto, and Vinton Counties. The Council acts as fiscal agent for the Adams County Board of Developmental Disabilities' supportive living program monies. The County had a \$351,429 balance on hand with the Council which includes investments at cost. Financial statements can be obtained by writing to the Southern Ohio Council of Governments, VA Medical Center, Building 8, 17273 State Route 104, Chillicothe, Ohio, 45601.

NOTE 11 - PUBLIC ENTITY SHARED RISK POOLS

County Risk Sharing Authority, Inc.

The County Risk Sharing Authority, Inc. (CORSA) is a jointly governed organization among sixty-two counties in Ohio. CORSA was formed as an Ohio not-for-profit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverage provided by CORSA.

NOTE 11 - PUBLIC ENTITY SHARED RISK POOLS (Continued)

Each member county has one vote, on all matters requiring a vote, to be cast by a designated representative. The affairs of CORSA 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 CORSA 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 with Consumer Life through Medical Mutual of Ohio. The County has elected to provide employee medical/surgical benefits and dental benefits through Medical 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. Vision insurance is provided to employees by the County through Vision Plus of America.

NOTE 13 - CONTINGENT LIABILITIES

A. Primary Government

Grants

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.

Litigation

The County is party to several lawsuits pending against the County. The County's legal counsel is uncertain as to the exact outcome of the lawsuits, and does not estimate any liability on the County's part.

B. Component Unit – Venture Productions, Inc.

As of December 31, 2009, there was no pending litigation against Venture Productions, Inc.

Adams County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

NOTE 14 – INTERFUND TRANSACTIONS

Transfers

	Transfers In	Transfers Out
<i>Major Fund:</i>		
General	\$6,879	\$97,881
<i>Non-major Special Revenue Funds:</i>		
Adams County GIS		0
Certificate of Title	36,245	2,530
Special Projects – County Court	0	42,982
Dog and Kennel	26,084	0
State Victims Assistance	10,080	0
County Court Special Fees	3,633	0
Probation Services	35,000	0
Total Non-major Special Revenue Funds	111,042	45,512
<i>Non-major Capital Projects Fund:</i>		
Sewer Line Project – Barnes	25,472	0
Total Non-major Capital Project Fund	25,472	0
Total All Funds	\$143,393	\$143,393

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. The transfers from the Certificate of Title Fund and Special Projects – County Court Fund to the General Fund were legal transfers authorized by the Ohio Revised Code.

Adams County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

NOTE 14 – INTERFUND TRANSACTIONS (Continued)

	Advances In	Advances Out
<i>Major Fund:</i>		
General	\$245,640	\$50,295
 <i>Non-major Special Revenue Funds:</i>		
Project Safe	3,653	3,653
Solid Waste	6,447	6,447
Childrens Community	17,500	31,149
HUD – CDBG 2007	500	500
Adult Community Corrections	5,028	5,028
Wireless 911	11,396	115,226
Total Non-major Special Revenue Funds	44,524	162,003
 <i>Non-major Capital Projects Funds:</i>		
Sewer Line Project	5,771	27,920
Airport Grant 2008	0	55,717
Total Non-major Capital Projects Funds	5,771	83,637
Total All Funds	\$295,935	\$295,935

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 advances.

NOTE 15 – COMPLIANCE

The Ohio Administrative Code Section 117-2-03(B) requires the County to prepare its annual financial report in accordance with generally accepted accounting principles. Contrary to this requirement, the County has elected to prepare its annual financial report on a cash basis.

Contrary to ORC Sections 307.05 and 9.60, the County operated emergency medical services through two separate EMS organizations with no written contract until May 2009 when the County contracted with the Village of West Union and the Village of Manchester for these services.

Contrary to Office of Management and Budget (OBM) Circular A-133 Subpart C Section .300, the County did not identify all federal awards received and expended for the schedule of expenditures of federal awards for 2009.

Adams County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

NOTE 16 – RESTATEMENT OF NET ASSETS/FUND BALANCE

The cash and investments balances held on hand with the Southern Ohio Council of Governments on behalf of the County were overstated on the County’s books in the prior year. The prior period adjustment lowers the cash balances for 2008 and reflects the balance within the ACBDD. This restatement had the following effect on beginning net assets/fund balance:

	Governmental Activities	ACBDD Fund	Other Governmental Funds
Net Assets/Fund Balance, December 31, 2008	\$ 9,110,016	\$ 2,419,600	\$ 3,489,141
Restatement for cash balance with COG	(31,396)	328,325	(359,721)
Restated Net Assets/Fund Balance, January 1, 2009	\$ 9,078,620	\$ 2,747,925	\$ 3,129,420

NOTE 17 – ADAMS COUNTY HOSPITAL

The Adams County Hospital, a major enterprise fund of the County, which is not included in the financial statements, did not comply with the provisions of the bond covenants which require a day’s cash on hand to be greater than 50 days and debt service coverage equal to at least 120% of maximum annual debt service. The Hospital has obtained a waiver of these covenants. The Hospital’s net assets decreased approximately \$1,869,000 and \$1,406,000 in 2009 and 2008, respectively. The Hospital had a loss from operations of \$1,051,000 in 2009 and \$701,000 in 2008 (latest available information). These factors could be indicative of the Hospital’s inability to continue as a going concern and the separately issued Hospital’s audit opinion of December 31, 2009 reflected this going concern issue. Hospital management plan to evaluate contribution margins of certain lines of business, physician recruitment, renegotiation of supplies contracts and vendor agreements, flexing staff levels consistent with inpatient census and outpatient needs in addition to other cost containment initiatives as well as implementing a strategic price increase for procedures performed. The Adams County Hospital’s financial statements can be obtained from the chief financial officer at 230 Medical Center Drive, Seaman, Ohio 45679.

NOTE 18 – SUBSEQUENT EVENTS

Debt

The County, on March 8, 2010 approved a loan agreement amendment with OWDA (Loan #4981) for the Phase I Wastewater Improvements for a \$650,000 increase due to change orders.

The County, on March 15, 2010, approved a commercial security agreement with the National Bank of Adams County for the loan amount of \$271,380 for the purchase of a 2010 Gradall XL 4100 III with five annual payments of \$61,065.55 commencing on March 15, 2011.

Grants

The County approved SOACDF funding of \$154,400 on January 25, 2010 for the Jaybird Road Project.

The County approved memorandum of understanding agreements between the County and the Adams County Regional Water District on March 1, 2010 for \$900,000 in funding for the Louisville-Lawshe-Loudon Waterline Project which includes \$600,000 of ARRA funding and \$300,000 in CDBG funding.

The County approved ODOD grant funding of \$358,879 on May 10, 2010 for improvements to State Route 73 and Jaybird Road intersection (Phase II) Jaybird Road project.

The County approved OPWC grant (#C015N) funding of \$367,700 on August 9, 2010 for the Jaybird Road Project.

ADAMS COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2009

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements	Non-Cash Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (FoodDistribution):				
National School Lunch Program	N/A	10.555	\$0	\$2,738
Cash Assistance:				
National School Breakfast Program	065813-05PU-2009	10.553	2,157	
National School Lunch Program	065813-LLP4-2009	10.555	3,735	
Total Nutrition Cluster			5,892	2,738
<i>Passed Through Ohio Dept. Job & Family Services</i>				
Supplemental Nutrition Assistance Program	G-89-20-1013/G-1011-11-5001	10.551	5,677	
State Admin. Matching Grants For Supplemental Nutrition Assistance Program	G-89-20-1013/G-1011-11-5001	10.561	256,322	
State Admin. Matching Grants For Supplemental Nutrition Assist. Prog-ARRA	G-89-20-1013/G-1011-11-5001	10.561	26,553	
Total Supplemental Nutrition Assistance Program Cluster			288,552	
<i>Passed Through Ohio Department of Agriculture:</i>				
Community Facilities Loans & Grants		10.766	125,000	
Total U.S. Department of Agriculture			419,444	2,738
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
<i>Passed Through Ohio Department of Developmental Disabilities</i>				
Social Services Block Grant	N/A	93.667	18,875	
<i>Passed Through Ohio Department of Job & Family Services</i>				
Social Services Block Grant	G-89-20-1013/G-1011-11-5001	93.667	242,450	
			261,325	
State Children's Health Insurance Program (SCHIP)	G-89-20-1013/G-1011-11-5001	93.767	29,783	
<i>Passed Through Ohio Department of Developmental Disabilities</i>				
Medical Assistance Program-EF MAP	N/A	93.778	54,486	
<i>Passed Through Ohio Department of Job & Family Services</i>				
Medical Assistance Program	G-89-20-1013/G-1011-11-5001	93.778	355,694	
Medical Assistance Program-NET	G-89-20-1013/G-1011-11-5001	93.778	118,993	
Medical Assistance Program-PRST	G-89-20-1013/G-1011-11-5001	93.778	4,338	
Medical Assistance Program-Child Welfare Related	G-89-20-1013/G-1011-11-5001	93.778	3,904	
Total Medical Assistance Program			537,415	
Promoting Safe & Stable Families	G-89-20-1013/G-1011-11-5001	93.556	9,803	
Temporary Assistance for Needy Families	G-89-20-1013/G-1011-11-5001	93.558	1,579,436	
Child Support Enforcement	G-89-20-1013/G-1011-11-5001	93.563	342,588	
Child Support Enforcement-ARRA	G-89-20-1013/G-1011-11-5001	93.563	62,564	
			405,152	
Child Care & Development Cluster				
Child Care & Development Block Grant	G-89-20-1013/G-1011-11-5001	93.575	125,679	
Child Care Mandatory & Matching Funds of the Child Care Development Fund	G-89-20-1013/G-1011-11-5001	93.596	174,782	
ARRA - Child Care & Development Block Grant	G-89-20-1013/G-1011-11-5001	93.713	54,216	
Child Care & Development Cluster Total			354,677	
Child Welfare Services - State Grants	G-89-20-1013/G-1011-11-5001	93.645	31,619	
Foster Care - Maintenance	G-89-20-1013/G-1011-11-5001	93.658	267,690	
Foster Care - Administration	G-89-20-1013/G-1011-11-5001	93.658	66,166	
Foster Care - ARRA	G-89-20-1013/G-1011-11-5001	93.658	13,328	
			347,184	

(Continued)

ADAMS COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements	Non-Cash Disbursements
Adoption Assistance - Administration	G-89-20-1013/G-1011-11-5001	93.659	120,879	
Adoption Assistance - Non-recurring Adoption	G-89-20-1013/G-1011-11-5001	93.659	4,200	
			125,079	
Child Abuse & Neglect State Grants	G-89-20-1013/G-1011-11-5001	93.669	2,000	
Chafee Foster Care Independence Program	G-89-20-1013/G-1011-11-5001	93.674	70	
<i>Passed Through Ohio Secretary of State</i>				
Voting Access For Individuals with Disabilities - Grants to States		93.617	315	
Total U.S. Department of Health and Human Services			3,683,858	0
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
<i>Passed Through Ohio Emergency Management Agency:</i>				
Homeland Security Cluster				
Emergency Management Performance Grant	2008-EME80002	97.042	32,042	
	2007-EME70024	97.042	10,737	
State Homeland Security Program (SHSP)	2007-GET70030	97.067	15,098	
			57,877	
<i>Passed Through Ohio Dept. of Public Safety:</i>				
FY08 Buffer Zone Protection Program	2008-BZ-T8-0019	97.078	192,998	
Total U.S. Department of Homeland Security			250,875	0
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
<i>Passed Through Ohio Department of Development</i>				
Community Development Block Grant	B-F-07-001-1	14.228	47,909	
Community Development Block Grant	B-F-08-001-1	14.228	130,366	
Community Development Block Grant	B-C-08-001-1	14.228	50,000	
Total Community Development Block Grant			228,275	
Home Investment Partnerships Program	B-C-08-001-2	14.239	189,506	
Total U.S. Department of Housing and Urban Development			417,781	0
<u>U.S. ELECTION ASSISTANCE COMMISSION</u>				
<i>Passed Through Ohio Secretary of State</i>				
Help America Vote Act Requirements Payments	N/A	90.401	3,546	
Total U.S. Election Assistance Commission			3,546	0

(Continued)

ADAMS COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements	Non-Cash Disbursements
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed Through Ohio Department of Education:</i>				
Special Education Cluster:				
Special Education Grants to States	065813-6BSF-2009P	84.027	8,070	
Total Special Education Cluster			8,070	
<i>Passed Through Ohio Department of Health:</i>				
Special Education Grants for Infants and Families w/Disabilities	01-1-002-1-HG-02-09	84.181	26,610	
			26,610	
Total U.S. Department of Education			34,680	0
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
Federal Aviation Administration- Airport Improvement Program	N/A	20.106	50,898	
<i>Passed Through Ohio Department of Transportation</i>				
Ohio Coordination Program CRD 0001-002-091	N/A	20.513	27,813	
Highway Planning & Construction	N/A	20.205	25,697	
			53,510	
Total U.S. Department of Transportation			104,408	0
<u>U.S. DEPARTMENT OF JUSTICE</u>				
<i>Passed Through Ohio Department of Public Safety</i>				
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program - Grants to States & Territories	2009-RA-DO1-2205	16.803	7,409	
Total U.S. Department of Justice			7,409	0
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>				
<i>Passed Through Ohio Environmental Protection Agency</i>				
Home Sewage System Improvements	CS398000-01	66.458	51,615	
Total U.S. Environmental Protection Agency			51,615	0
TOTALS			\$4,973,616	\$2,738

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ADAMS COUNTY

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED 2009**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

The County commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the County assumes it expends federal monies first.

NOTE C – FOOD DONATION PROGRAM

The County reports commodities consumed on the Schedule at the fair value. The County allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

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

The County has a revolving loan fund (RLF) program to provide low-interest loans to businesses to create jobs for low to moderate income persons and also to lend money to eligible persons to rehabilitate homes. The federal Department of Housing and Urban Development (HUD) grants money for these loans to the County, passed through the Ohio Department of Development. The Schedule reports loans made and administrative costs as disbursements on the Schedule. Subsequent loans are subject to the same compliance requirements imposed by HUD as the initial loans.

These loans are collateralized by mortgages on the property or equipment.

Activity in the CDBG revolving loan fund during 2009 is as follows:

Beginning loans receivable balance as of January 1, 2009	\$59,754
Loans made	0
Loan principal repaid	(2,835)
Ending loans receivable balance as of December 31, 2009	<u>\$56,919</u>
Cash balance on hand in the revolving loan fund as of December 31, 2009	\$28,399
Administrative costs expended during 2009	0

The table above reports gross loans receivable. Of the loans receivable as of December 31, 2009, the Count does not estimate the outstanding to be uncollectible.

NOTE E - MATCHING REQUIREMENTS

Certain Federal programs require the County to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The County has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

NOTE F - TRANSFERS BETWEEN FEDERAL PROGRAMS

During fiscal year 2009, the County made allowable transfers of \$100,463 from the Temporary Assistance for Needy Families (TANF) (93.558) program to the Social Services Block Grant (SSBG) (93.667) program. The Schedule shows the County spent approximately \$1,579,029 on the TANF program. The amount reported for the TANF program on the Schedule excludes the amount transferred to the SSBG program. The amount transferred to the SSBG program is included as SSBG expenditures when disbursed. The following table shows the gross amount drawn for the TANF program during fiscal year 2009 and the amount transferred to the Social Services Block Grant program.

Temporary Assistance for Needy Families	\$ 1,724,127
Transfer to Social Services Block Grant	<u>(100,463)</u>
Total Temporary Assistance for Needy Families	<u>\$1,623,664</u>



Mary Taylor, CPA

Auditor of State

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

Adams County
110 West Main Street
West Union, Ohio 45693

To the Board of Commissioners:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information and discretely presented component unit of Adams County, Ohio (the County), as of and for the year ended December 31, 2009, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 20, 2010, 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. The County's cash basis financial statements do not include amounts related to the Adams County Hospital, which should be presented as a major enterprise fund and be part of the business-type activities. In addition, we noted the County did not include all January 1, 2009 cash balances related to the Ambulance and EMS Special Revenue Fund (010) in the remaining fund information. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the County's internal control over financial reporting. Accordingly, we have not opined 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We considered finding 2009-002 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2009-001 and 2009-002.

We also noted certain matters not requiring inclusion in this report that we reported to the County's management in a separate letter dated September 20, 2010.

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the County's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of management, the audit committee, Board of Commissioners, and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.

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

Mary Taylor, CPA
Auditor of State

September 20, 2010



Mary Taylor, CPA

Auditor of State

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

Adams County
110 West Main Street
West Union, Ohio 45693

To the Board of Commissioners:

Compliance

We have audited the compliance of Adams County, Ohio (the County), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the year ended December 31, 2009. The summary of auditor's results section of the accompanying schedule of findings identifies the County's major federal programs. The County's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended December 31, 2009. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings as item 2009-003.

Internal Control Over Compliance

The County's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of opining on compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, we cannot assure we have identified all deficiencies, significant deficiencies, or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2009-003 to be a material weakness.

The County's responses to the findings we identified are described in the accompanying schedule of findings. We did not audit the County's responses and, accordingly, we express no opinion on them.

We also noted matters involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the County's management in a separate letter dated September 20, 2010.

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



Mary Taylor, CPA
Auditor of State

September 20, 2010

ADAMS COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2009

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Adverse
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	Yes
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	93.558 TANF 93.563 Child Support 93.778 Medicaid 93.575, 93.596, 93.713 Child Care 93.658 Foster Care
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

FINDING NUMBER 2009-001

Noncompliance Citation

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.

**FINDING NUMBER 2009-001
(Continued)**

Ohio Admin Code, Section 117-2-03(B) requires the County to prepare its annual financial report with accounting principles generally accepted in the United States of America. However, the County prepared its financial statements in accordance with the cash basis of accounting in a report format similar to the requirements of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. This presentation differs from accounting principles generally accepted in the United States of America (GAAP).

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 for its failure to file the required financial report. We recommend the County prepare its financial statements in accordance with generally accepted accounting principles.

Officials’ Response:

County Officials have reviewed the cost of converting to GAAP and have concluded that such conversion would not be financially feasible. Therefore, the county will continue on the OCBOA basis of financial reporting.

FINDING NUMBER 2009-002

Noncompliance Citation/Material Weakness

Ohio Rev. Code, Sections 307.05 and 9.60, provides authority for the County to contract for emergency medical services with private organizations or with another political subdivision. Ohio Revised Code 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. In prior years, 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.

During 2009, to comply with the above code sections, the County began processing the EMS activity in its entirety, including EMS billings and expenditures for three of the squad service areas effective January 1, 2009. The County also contracted with the Village of Manchester and Village of West Union for the other two squad service areas, however these contracts were not effective until May 1, 2009. EMS receipts and disbursements related to the first four months for the two contracted squads and the beginning cash balances for all the squads were not included in the County’s financial statements, however these amounts are not material to the financial statements. The balances on hand at January 1, 2009 at each of these agencies were not remitted to the County nor did the County include them in the financial statements. As a result we qualified our opinion because the County did not include these cash balances related to the Ambulance and EMS Special Revenue Fund (010) in its fund statements or entity wide statements. We recommend the County work with legal counsel to determine if the County should recoup the EMS monies from prior years and during the first four months of 2009.

Additionally, we noted the following conditions related to the County contracts with subdivisions for emergency medical services (EMS):

- The Village of Manchester and Village of West Union provided EMS services to the County beginning January 1, 2009, however the contracts were not effective until May 1, 2009.

**FINDING NUMBER 2009-002
 (Continued)**

- The contracts lacked key stipulations that the contract payment amounts paid by the County from EMS levy monies be segregated by the Village of Manchester and Village of West Union and not commingled with any private funds; that the use of these funds shall be in accordance with Auditor of State Bulletin #2003-005 and 2004-002 (which discusses the allowable use of public funds) and that audited financial statements are provided to the County for accountability.

We recommend that the County add to the EMS contracts stipulations regarding separate accounting for levy funds, allowable use of public funds and audited financial statements.

Officials' Response:

The County addressed this finding according to Resolution #2008-348 – EMS Services to be administered by Commissioners effective 1-1-09. Contracts for services were finalized and approved for the Village of West Union Resolution #2009-214 and the Village of Manchester Resolution #2009-233. Currently, all Adams County EMS levy and soft billing receipts are deposited in the Adams County EMS Special Revenue Fund.

3. FINDINGS FOR FEDERAL AWARDS

FINDING NUMBER 2009-003

CFDA Title and Number	93.558 TANF 93.563 Child Support 93.778 Medicaid 93.575, 93.596, 93.713 Child Care 93.658 Foster Care
Federal Award Number / Year	2009
Federal Agency	US Department of Health and Human Services
Pass-Through Agency	Ohio Department of Job and Family Services Ohio Department of Developmental Disabilities

Noncompliance Citation/Material Weakness

Office of Management and Budget (OMB) Circular A-133 Subpart C, Section .310(b) states, in part, that the auditee shall prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements.

Office of Management and Budget (OMB) Circular A-133 Subpart C Section .300 states, in pertinent part, that the auditee shall:

- Identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity. (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with §.310.

**FINDING NUMBER 2009-003
(Continued)**

Federal disbursements for the County's audit period are to be reported on its Federal Awards Expenditure Schedule (the Schedule). Each year, the County Auditor's office sends individual schedules to each department to determine the amounts to be included on the Schedule. Since the department schedules submitted by the various departments are the basis for the County's Schedule, their completeness and accuracy is necessary to complete the County's federal awards expenditure schedule correctly. Per our review of the schedules completed by the various departments of the County, the following deficiencies were noted:

- The draft federal schedule did not include any federal expenditures for Medicaid (JFS) (\$482,929), Child Support Enforcement (\$405,152), Child Care & Development Cluster (\$354,677), Foster Care (\$347,184), Adoption (125,079) and Buffer Zone Protection Program (\$192,998), and a USDA Federal Loan (\$70,000).
- The draft federal schedule expenditures reported for TANF, Supplemental Nutrition Assistance Program Cluster, and Social Services Block Grant were incorrect due to corrections to the report of federal expenditures produced by the Quic+ system at Department of Job & Family Services which had a net effect of increasing the federal schedule by \$1.1 million dollars.
- The draft federal schedule included \$1,236,236 that was determined to be state monies related to a sewer project. However, \$47,909 of 2009 federal expenditures related to a previous year's CDBG grant were not reported.
- The draft federal schedule did not include retroactive eFMAP expenditures in the amount of \$54,486 from the Department of Developmental Disabilities and included amounts that are no longer considered federal expenditures at the county level;
- The draft federal schedule included expenditures that were reported in the FY2008 federal schedule in the amount of \$43,129 for the FY07 State Homeland Security Program.

Inaccurate completion of the federal departmental schedules could lead to inaccurate reporting of federal expenditures by the County, and possible loss of federal funding. Adjustments were made to the County's Federal Schedule for the errors noted above.

We recommend the department heads completing the individual department federal schedules complete them with care and careful consideration prior to submission to the County Auditor's office for inclusion on the County's Schedule. Knowledge of each program and its requirements should be understood by the various departments. Reporting requirements on the federal schedule can be accessed in Circular No. A-133 through the Office of Management and Budget.

We also recommend that the various departments monitor receipts and expenditures during the year so that at year end they are able to differentiate between federal and state receipts and expenditures. Additionally, if the Auditor and Treasurer are informed by the departments of the grants that have been awarded, they may be able to assist the departments by segregating the grant funds into separate sub-funds in the accounting system.

Officials' Response:

The County is reviewing the citation and attempting to implement plans to make data gathering and reporting more efficient and accurate.

ADAMS COUNTY

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
DECEMBER 31, 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2008-001	Ohio Admin Code Section 117-6-01 requires the City to prepare its annual financial report in accordance with generally accepted accounting principles. The County filed its report using the cash basis of accounting.	No	Not corrected. Reissued as 2009-001
2008-002	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 until May 2010.	No	Partially corrected; Reissued as 2009-002
2008-003	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.	No	Partially Corrected: Reissued in Management Letter
2008-004	2 CFR Section 215.28 provides that federal awards specify a time period during which the entity may use the Federal Funds. Charges were made outside of this time period for the Home Investment Partnership program grant.	Yes	Finding no longer valid, ODOD accepted response provided from client on finding



Mary Taylor, CPA
Auditor of State

ADAMS COUNTY 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.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 30, 2010**