



Mary Taylor, CPA
Auditor of State

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Honorable County Board of Commissioners
Honorable County Auditor
Honorable County Treasurer
Champaign County
1512 South US Highway 68, Suite B300
Urbana, Ohio 43078

To the Board of County Commissioners, County Auditor, and County Treasurer:

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information and discretely presented component units of Champaign 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 § 117-2-03 (B) requires the County to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information and discretely presented component units of Champaign County, Ohio, as of December 31, 2009, and the respective changes in cash financial position and the respective budgetary comparisons for the General, Job and Family Services, Motor Vehicle License Gas Tax, and Lawnview 169 Board Funds thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

For the year ended December 31, 2009, the County revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 2, 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 financial statements that collectively comprise the County's basic financial statements. The Federal Awards Expenditure Schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. We subjected the Federal Awards Expenditure Schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Mary Taylor, CPA
Auditor of State

September 2, 2010

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
(UNAUDITED)**

This discussion and analysis of Champaign County's financial performance provides an overall review of the County's financial activities for the year ended December 31, 2009, within the limitations of the County's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the County's financial performance.

Highlights

Key highlights for 2009 are as follows:

- Receipts for governmental funds decreased over \$1.9 million from the prior year. The majority of the decrease was from cuts in State grants as well as a decline in sales tax collections.
- The County elected to transfer over \$1 million from the 2008 sale of the Wellington Nursing and Rehabilitation Center to the Capital Improvement Debt Retirement Fund to pay down the capital improvement Bond Anticipation Note.
- The County received an "A+" rating from Standard and Poor's.

Using the Basic Financial Statements

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

Report Components

The statement of net assets – cash basis and the statement of activities – cash basis provide information about the cash activities of the County as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the County as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The County has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than what is required by generally accepted accounting principles. Under the County's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Reporting the County as a Whole

The statement of net assets – cash basis and the statement of activities – cash basis reflect how the County did financially during 2009 within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the County at year-end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants, contributions, and interest restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the County's general receipts.

These statements report the County's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the County's financial health. Over time, increases or decreases in the County's cash position is one indicator of whether the County's financial health is improving or deteriorating. When evaluating the County's financial condition, you should also consider other nonfinancial factors as well such as the County's property tax base, the condition of the County's capital assets and infrastructure, the extent of the County's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the statement of net assets – cash basis and the statement of activities – cash basis, we divide the County into two types of activities:

Governmental activities – Most of the County's basic services are reported here including general government, public safety, public works, health, human services, conservation and recreation, and community and economic development. State and federal grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-type activity – The County has one business-type activity, the provision of nursing and rehabilitation center services. Business-type activities are financed by a fee charged to the customers receiving the service.

Reporting the County's Most Significant Funds

Fund financial statements provide detailed information about the County's major funds – not the County as a whole. The County establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the County are split into three categories: governmental, proprietary and fiduciary.

Governmental Funds – Most of the County's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the County's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the County's programs. The County's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The County's major governmental funds are the General, Job and Family Services, Motor Vehicle License Gas Tax, and Lawnview 169 Board Funds.

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Proprietary Fund – When the County charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The County's major enterprise fund is the Wellington Nursing and Rehabilitation Center Fund.

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

The County as a Whole

Table 1 provides a summary of the County's net assets for 2009 compared to 2008 on a cash basis:

**(Table 1)
Net Assets**

	Governmental Activities		Business-Type Activity		Total	
	2009	2008	2009	2008	2009	2008
Assets						
Current and Other Assets	\$10,689,703	\$11,596,352	\$791,545	\$2,263,047	\$11,481,248	\$13,859,399
Net Assets						
Restricted for:						
Other Purposes	9,873,897	10,371,261			9,873,897	10,371,261
Debt Service	2,501	2,500			2,501	2,500
Capital Projects	207,192	262,818			207,192	262,818
Nonexpendable	91,477	90,022			91,477	90,022
Unrestricted	514,636	869,751	791,545	2,263,047	1,306,181	3,132,798
Total Net Assets	\$10,689,703	\$11,596,352	\$791,545	\$2,263,047	\$11,481,248	\$13,859,399

Assets and net assets consist of cash balances at year-end for the County. As previously mentioned, the County experienced a decrease in governmental revenue from a decline in sales tax and cuts in State aid. Disbursements remained at the same level in 2009 as in 2008, which caused disbursements to exceed receipts collected.

In 2008, the County sold the Wellington Nursing and Rehabilitation Center. Part of the proceeds received from the sale in 2008 were transferred from business-type in 2009 to debt service to pay off a governmental Capital Improvement Bond Anticipation Note for \$1 million. Due to the sale of the center, the County experienced little activity other than the transfer within the one business-type fund.

Table 2 reflects the changes in net assets in 2009. Since the County did not prepare financial statements in this format for 2008, a comparative analysis of government-wide data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

**(Table 2)
Changes in Net Assets**

	Governmental Activities	Business-Type Activity	Total
	2009	2009	2009
Receipts:			
Program Receipts			
Charges for Services and Sales	\$ 3,816,943	\$ 145,113	\$ 3,962,056
Operating Grants, Contributions and Interest	11,264,023		11,264,023
Total Program Receipts	15,080,966	145,113	15,226,079

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

**(Table 2)
Changes in Net Assets
(Continued)**

	Governmental Activities 2009	Business-Type Activity 2009	Total 2009
General Receipts and Transfers:			
Property Taxes	4,493,180		4,493,180
Sales Taxes Levied for General Purposes	4,040,662		4,040,662
Other Local Taxes	145,929		145,929
Grants and Entitlements Not Restricted to Specific Programs	1,147,377		1,147,377
Interest	574,983		574,983
Bond Anticipation Notes Issued	1,000,000		1,000,000
Miscellaneous	2,293,806	740	2,294,546
Transfers	1,521,129	(1,521,129)	
Total General Receipts and Transfers	<u>15,217,066</u>	<u>(1,520,389)</u>	<u>13,696,677</u>
Total Receipts	<u>30,298,032</u>	<u>(1,375,276)</u>	<u>28,922,756</u>
Disbursements:			
General Government	6,689,193		6,689,193
Public Safety	4,005,609		4,005,609
Public Works	5,417,539		5,417,539
Health	5,279,165		5,279,165
Human Services	6,680,414		6,680,414
Conservation and Recreation	75,461		75,461
Community and Economic Development	72,133		72,133
Capital Outlay	550,427		550,427
Debt Service	2,434,740		2,434,740
Wellington Nursing and Rehabilitation Center		96,226	96,226
Total Disbursements	<u>31,204,681</u>	<u>96,226</u>	<u>31,300,907</u>
Decrease in Net Assets	(906,649)	(1,471,502)	(2,378,151)
Net Assets at Beginning of Year	<u>11,596,352</u>	<u>2,263,047</u>	<u>13,859,399</u>
Net Assets at End of Year	<u>\$10,689,703</u>	<u>\$ 791,545</u>	<u>\$11,481,248</u>

Governmental Activities

In total, disbursements exceeded revenues causing net assets to decrease \$906,649, or eight percent. The County did not report on a cash basis comparable to GASB 34 in 2008, and therefore comparisons are not available.

Business-Type Activity

Until 2008 the County operated a nursing and rehabilitation center. In 2008, the County sold the center. Therefore in 2009, there was a small amount of activity in receipts and disbursements for outstanding balances remaining when the center was sold. The County did use a portion of the proceeds from the sale of the center to transfer over \$1.5 million to the Capital Improvement Debt Retirement Fund to pay off a Capital Improvement Bond Anticipation Note of the County.

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Fund Analysis

Total governmental funds had receipts of \$27,776,903 and disbursements of \$31,204,681. The General, Job and Family Services, Motor Vehicle License Gas Tax, and Lawnview 169 Board Funds all saw decreases in fund balances for the year. The decrease in the General Fund was the result of the decline in sales tax receipts due to the slow economy. The decreases in the Job and Family Services, Motor Vehicle License Gas Tax and Lawnview 169 Board Funds were due mainly to the decrease in State grants and aid due to massive cuts at the State level. Also, the Lawnview 169 Board Fund decreased due to a decline in property tax receipts from increased delinquents.

General Fund Budgeting Highlights

The County's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances.

During 2009, the County amended its General Fund budget several times to reflect changing circumstances. Actual receipts were above original and final budgeted receipts by less than one percent in both cases.

The variance between original and final appropriations in the General Fund was less than a one percent increase due mostly to changes in public safety disbursements. The variance between final appropriations and actual disbursements was also around one percent.

Capital Assets and Debt Administration

Capital Assets

The County does not currently keep track of its capital assets and infrastructure.

Debt

At December 31, 2009, the County's outstanding debt included \$464,953 in a Ohio Public Works Commission loan and \$2,135,000 in general obligation bonds. For further information regarding the County's debt, refer to Note 12 to the basic financial statements.

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 finances and to reflect the County's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Karen Bailey, Champaign County Auditor, 1512 S. US Highway 68, Suite B300, Urbana, Ohio 43078.

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**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2009**

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activity	Total	Lawnview Industries, Inc.	Home Options, Inc.
Assets:					
Equity in Pooled Cash and Cash Equivalents	\$10,689,703	\$791,545	\$11,481,248		
Cash and Cash Equivalents in Segregated Accounts				\$181,234	\$24,965
Total Assets	<u>10,689,703</u>	<u>791,545</u>	<u>11,481,248</u>	<u>181,234</u>	<u>24,965</u>
Net Assets:					
Restricted for:					
General Government	1,561,794		1,561,794		
Public Safety	32,784		32,784		
Public Works	5,220,669		5,220,669		
Health	1,451,404		1,451,404		
Human Services	1,503,526		1,503,526		
Conservation and Recreation	50,387		50,387		
Community and Economic Development	53,333		53,333		
Debt Service	2,501		2,501		
Capital Projects	207,192		207,192		
Nonexpendable	91,477		91,477		
Unrestricted	514,636	791,545	1,306,181	181,234	24,965
Total Net Assets	<u>\$10,689,703</u>	<u>\$791,545</u>	<u>\$11,481,248</u>	<u>\$181,234</u>	<u>\$24,965</u>

See accompanying notes to the basic financial statements.

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Program Receipts</u>		
	<u>Cash Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants, Contributions and Interest</u>
Governmental Activities:			
General Government:			
Legislative and Executive	\$5,380,229	\$2,180,347	\$6,980
Judicial	1,308,964	440,591	195,354
Public Safety	4,005,609	218,796	103,147
Public Works	5,417,539	182,962	4,485,800
Health	5,279,165	558,035	2,106,637
Human Services	6,680,414	136,141	4,288,305
Conservation and Recreation	75,461		77,800
Community and Economic Development	72,133	77,815	
Capital Outlay	550,427	22,256	
Debt Service:			
Principal Retirement	2,288,119		
Interest and Fiscal Charges	146,621		
Total Governmental Activities	<u>31,204,681</u>	<u>3,816,943</u>	<u>11,264,023</u>
Business-Type Activity:			
Wellington Nursing and Rehabilitation Center	96,226	145,113	
Total Primary Government	<u>31,300,907</u>	<u>3,962,056</u>	<u>11,264,023</u>
Component Units:			
Lawnview Industries, Inc.	136,244	124,240	
Home Options, Inc.	103,754	104,056	
Total Component Units	<u>\$239,998</u>	<u>\$228,296</u>	<u>\$0</u>

General Receipts and Transfers:

Property Taxes Levied for:

General Purposes
Lawnview 169 Board
Children Services
Sales Taxes Levied for General Purposes
Other Local Taxes

Grants and Entitlements not Restricted to:

Specific Programs
Interest
Bond Anticipation Notes Issued
Miscellaneous
Total General Receipts

Transfers

Total General Receipts and Transfers

Change in Net Assets

Net Assets at Beginning of Year

Net Assets at End of Year

See accompanying notes to the basic financial statements.

**Net (Disbursements) Receipts
and Changes in Net Assets**

Primary Government			Component Units	
Governmental Activities	Business-Type Activity	Total	Lawnview Industries, Inc.	Home Options, Inc.
(\$3,192,902)		(\$3,192,902)		
(673,019)		(673,019)		
(3,683,666)		(3,683,666)		
(748,777)		(748,777)		
(2,614,493)		(2,614,493)		
(2,255,968)		(2,255,968)		
2,339		2,339		
5,682		5,682		
(528,171)		(528,171)		
(2,288,119)		(2,288,119)		
(146,621)		(146,621)		
(16,123,715)		(16,123,715)		
	\$48,887	48,887		
(16,123,715)	48,887	(16,074,828)		
			(\$12,004)	
				\$302
			(12,004)	302
1,650,461		1,650,461		
2,343,465		2,343,465		
499,254		499,254		
4,040,662		4,040,662		
145,929		145,929		
1,147,377		1,147,377		
574,983		574,983	3,613	43
1,000,000		1,000,000		
2,293,806	740	2,294,546	7,586	7,571
13,695,937	740	13,696,677	11,199	7,614
1,521,129	(1,521,129)			
15,217,066	(1,520,389)	13,696,677		
(906,649)	(1,471,502)	(2,378,151)	(805)	7,916
11,596,352	2,263,047	13,859,399	182,039	17,049
<u>\$10,689,703</u>	<u>\$791,545</u>	<u>\$11,481,248</u>	<u>\$181,234</u>	<u>\$24,965</u>

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2009**

	<u>General Fund</u>	<u>Job and Family Services Fund</u>	<u>Motor Vehicle License Gas Tax Fund</u>
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$514,636	\$73,894	\$4,400,792
Fund Balances:			
Reserved:			
Reserved for Encumbrances	175,355	46,977	233,533
Unreserved:			
Undesignated, Reported in:			
General Fund	339,281		
Special Revenue Funds		26,917	4,167,259
Debt Service Funds			
Capital Projects Funds			
Permanent Fund			
Total Fund Balances	<u>\$514,636</u>	<u>\$73,894</u>	<u>\$4,400,792</u>

See accompanying notes to the basic financial statements.

Lawnview 169 Board Fund	Other Governmental Funds	Total Governmental Funds
<u>\$1,268,184</u>	<u>\$4,432,197</u>	<u>\$10,689,703</u>
102,183	142,912	700,960
1,166,001	3,998,193	339,281
	2,501	9,358,370
	197,114	2,501
	91,477	197,114
<u>\$1,268,184</u>	<u>\$4,432,197</u>	<u>\$10,689,703</u>

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGED IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	General Fund	Job and Family Services Fund	Motor Vehicle License Gas Tax Fund	Lawnview 169 Board Fund	Other Governmental Funds	Total Governmental Funds
Receipts:						
Property Taxes	\$1,650,461			\$2,343,465	\$499,254	\$4,493,180
Sales Taxes	4,040,662					4,040,662
Other Local Taxes			145,929			145,929
Charges for Services	999,915			413,774	1,511,740	2,925,429
Licenses and Permits	293,189				135,932	429,121
Fines and Forfeitures	108,737				55,993	164,730
Intergovernmental	1,156,785	2,777,155	3,637,030	2,103,637	2,591,589	12,266,196
Special Assessments					22,256	22,256
Interest	574,983		139,983		5,221	720,187
Rentals	275,407					275,407
Miscellaneous	719,638	715,859	453,839	165,480	238,990	2,293,806
Total Receipts	<u>9,819,777</u>	<u>3,493,014</u>	<u>4,376,781</u>	<u>5,026,356</u>	<u>5,060,975</u>	<u>27,776,903</u>
Disbursements						
Current:						
General Government:						
Legislative and Executive	4,475,960				904,269	5,380,229
Judicial	1,058,227				250,737	1,308,964
Public Safety	3,854,898				150,711	4,005,609
Public Works	114,559		4,483,471		819,509	5,417,539
Health	65,041			5,104,315	109,809	5,279,165
Human Services	275,404	4,028,923			2,376,087	6,680,414
Conservation and Recreation					75,461	75,461
Community and Economic Development					72,133	72,133
Capital Outlay					550,427	550,427
Debt Service:						
Principal Retirement					2,288,119	2,288,119
Interest and Fiscal Charges					146,621	146,621
Total Disbursements	<u>9,844,089</u>	<u>4,028,923</u>	<u>4,483,471</u>	<u>5,104,315</u>	<u>7,743,883</u>	<u>31,204,681</u>
Excess of Receipts Under Disbursements	<u>(24,312)</u>	<u>(535,909)</u>	<u>(106,690)</u>	<u>(77,959)</u>	<u>(2,682,908)</u>	<u>(3,427,778)</u>
Other Financing Sources (Uses):						
Bond Anticipation Notes Issued					1,000,000	1,000,000
Transfers In					1,907,286	1,907,286
Transfers Out	(328,038)		(58,119)			(386,157)
Advances In					33,182	33,182
Advances Out	(2,765)				(30,417)	(33,182)
Total Other Financing Sources (Uses)	<u>(330,803)</u>		<u>(58,119)</u>		<u>2,910,051</u>	<u>2,521,129</u>
Net Change in Fund Balances	(355,115)	(535,909)	(164,809)	(77,959)	227,143	(906,649)
Fund Balances at Beginning of Year	869,751	609,803	4,565,601	1,346,143	4,205,054	11,596,352
Fund Balances at End of Year	<u>\$514,636</u>	<u>\$73,894</u>	<u>\$4,400,792</u>	<u>\$1,268,184</u>	<u>\$4,432,197</u>	<u>\$10,689,703</u>

See accompanying notes to the basic financial statements.

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
Receipts:				
Property Taxes	\$1,683,000	\$1,683,000	\$1,650,461	(\$32,539)
Sales Taxes	4,400,000	4,400,000	4,040,662	(359,338)
Charges for Services	836,525	932,229	999,915	67,686
Licenses and Permits	197,300	197,300	293,189	95,889
Fines and Forfeitures	86,100	86,100	108,737	22,637
Intergovernmental	1,240,000	1,111,678	1,156,785	45,107
Interest	558,018	558,018	534,301	(23,717)
Rentals		269,445	275,407	5,962
Miscellaneous	766,701	500,302	719,638	219,336
Total Receipts	<u>9,767,644</u>	<u>9,738,072</u>	<u>9,779,095</u>	<u>41,023</u>
Disbursements:				
Current:				
General Government:				
Legislative and Executive	4,861,055	4,635,240	4,566,086	69,154
Judicial	1,029,820	1,062,068	1,060,117	1,951
Public Safety	3,549,362	3,942,070	3,928,328	13,742
Public Works	119,919	115,688	115,486	202
Health	64,840	71,987	65,341	6,646
Human Services	392,716	285,280	284,086	1,194
Total Disbursements	<u>10,017,712</u>	<u>10,112,333</u>	<u>10,019,444</u>	<u>92,889</u>
Excess of Receipts Under Disbursements	<u>(250,068)</u>	<u>(374,261)</u>	<u>(240,349)</u>	<u>133,912</u>
Other Financing Uses:				
Transfers Out		(328,038)	(328,038)	
Advances Out			(2,765)	(2,765)
Total Other Financing Uses	<u>(1)</u>	<u>(328,038)</u>	<u>(330,803)</u>	<u>(2,765)</u>
Net Change in Fund Balance	(250,069)	(702,299)	(571,152)	131,147
Fund Balance at Beginning of Year	664,114	664,114	664,114	
Prior Year Encumbrances Appropriated	<u>205,637</u>	<u>205,637</u>	<u>205,637</u>	
Fund Balance at End of Year	<u>\$619,682</u>	<u>\$167,452</u>	<u>\$298,599</u>	<u>\$131,147</u>

See accompanying notes to the basic financial statements.

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
JOB AND FAMILY SERVICES FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts:				
Intergovernmental	\$3,307,123	\$2,958,905	\$2,777,155	(\$181,750)
Miscellaneous	534,109	534,109	715,859	181,750
Total Receipts	<u>3,841,232</u>	<u>3,493,014</u>	<u>3,493,014</u>	
Disbursements:				
Current:				
Human Services	<u>3,841,231</u>	<u>4,102,817</u>	<u>4,075,900</u>	<u>26,917</u>
Net Change in Fund Balance	1	(609,803)	(582,886)	26,916
Fund Balance at Beginning of Year	552,128	552,128	552,128	
Prior Year Encumbrances Appropriated	<u>57,675</u>	<u>57,675</u>	<u>57,675</u>	
Fund Balance at End of Year	<u><u>\$609,804</u></u>	<u><u>\$0</u></u>	<u><u>\$26,917</u></u>	<u><u>\$26,916</u></u>

See accompanying notes to the basic financial statements.

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
MOTOR VEHICLE LICENSE GAS TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Other Local Taxes	\$147,500	\$147,500	\$145,929	(\$1,571)
Intergovernmental	3,690,000	3,690,000	3,637,030	(52,970)
Interest	230,000	181,958	139,983	(41,975)
Miscellaneous	355,650	355,650	453,839	98,189
Total Receipts	<u>4,423,150</u>	<u>4,375,108</u>	<u>4,376,781</u>	<u>1,673</u>
Disbursements:				
Current:				
Public Works	<u>5,973,887</u>	<u>5,999,216</u>	<u>4,717,004</u>	<u>1,282,212</u>
Excess of Receipts Under Disbursements	(1,550,737)	(1,624,108)	(340,223)	1,283,885
Other Financing Uses:				
Transfers Out	<u> </u>	<u>(58,119)</u>	<u>(58,119)</u>	<u> </u>
Net Change in Fund Balance	(1,550,737)	(1,682,227)	(398,342)	1,283,885
Fund Balance at Beginning of Year	4,482,153	4,482,153	4,482,153	
Prior Year Encumbrances Appropriated	<u>83,448</u>	<u>83,448</u>	<u>83,448</u>	<u> </u>
Fund Balance at End of Year	<u>\$3,014,864</u>	<u>\$2,883,374</u>	<u>\$4,167,259</u>	<u>\$1,283,885</u>

See accompanying notes to the basic financial statements.

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
LAWNVIEW 169 BOARD FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts:				
Property Taxes	\$3,150,500	\$3,150,500	\$2,343,465	(\$807,035)
Charges for Services	313,080	313,080	413,774	100,694
Intergovernmental	1,326,215	1,326,215	2,103,637	777,422
Miscellaneous	163,935	163,935	165,480	1,545
Total Receipts	<u>4,953,730</u>	<u>4,953,730</u>	<u>5,026,356</u>	<u>72,626</u>
Disbursements:				
Current:				
Health	<u>5,223,706</u>	<u>5,436,720</u>	<u>5,206,498</u>	<u>230,222</u>
Net Change in Fund Balance	(269,976)	(482,990)	(180,142)	302,848
Fund Balance at Beginning of Year	1,210,395	1,210,395	1,210,395	
Prior Year Encumbrances Appropriated	<u>135,748</u>	<u>135,748</u>	<u>135,748</u>	
Fund Balance at End of Year	<u><u>\$1,076,167</u></u>	<u><u>\$863,153</u></u>	<u><u>\$1,166,001</u></u>	<u><u>\$302,848</u></u>

See accompanying notes to the basic financial statements.

FINANCIAL CONDITION
CHAMPAIGN COUNTY

STATEMENT OF FUND NET ASSETS - CASH BASIS
ENTERPRISE FUND
DECEMBER 31, 2009

	Wellington Nursing and Rehabilitation Center Fund
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$791,545
Net Assets:	
Unrestricted	\$791,545

See accompanying notes to the basic financial statements.

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

**STATEMENT OF CASH RECEIPTS,
DISBURSEMENTS AND CHANGES IN FUND NET ASSETS - CASH BASIS
ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Wellington Nursing and Rehabilitation Center Fund
Operating Receipts:	
Charges for Services	\$145,113
Miscellaneous	740
Total Operating Receipts	<u>145,853</u>
Operating Disbursements:	
Personal Services	88,496
Contractual Services	7,730
Total Operating Disbursements	<u>96,226</u>
Operating Income	49,627
Transfers Out	<u>(1,521,129)</u>
Change in Net Assets	(1,471,502)
Net Assets at Beginning of Year	<u>2,263,047</u>
Net Assets at End of Year	<u><u>\$791,545</u></u>

See accompanying notes to the basic financial statements.

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

**STATEMENT OF FIDUCIARY NET ASSETS - CASH BASIS
AGENCY FUNDS
DECEMBER 31, 2009**

Assets:

Equity in Pooled Cash and Cash Equivalents	\$6,889,471
Cash and Cash Equivalents in Segregated Accounts	<u>505,291</u>
Total Assets	<u><u>7,394,762</u></u>

Net Assets:

Undistributed Monies	6,662,896
Deposits Held and Due to Others	<u>731,866</u>
Total Net Assets	<u><u>\$7,394,762</u></u>

See Accompanying Notes to the Basic Financial Statements.

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**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

1. REPORTING ENTITY

Champaign County, Ohio (the County) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The County is governed by a board of three County Commissioners elected by the voters of the County. An elected County Auditor serves as chief fiscal officer. In addition, there are nine other elected administrative officials. These officials are: Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, a Common Pleas Court Judge, and two Probate/Juvenile Court Judges. Although the elected officials manage the internal operations of their respective departments, the County Commissioners authorize expenditures as well as serve as the budget and taxing authority, contracting body and the chief administrators of public services for the County.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the County are not misleading. The primary government of the County consists of all funds, departments, boards, and agencies that are not legally separate from the County. For Champaign County, this includes the Board of Developmental Disabilities (CCBDD) and all departments and activities that are directly operated by the elected County Officials.

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

A. Discretely Presented Component Units

The component unit columns in the entity-wide financial statements identifies the financial data of the County's discretely presented component units, Lawnview Industries, Inc. and Home Options, Inc. Both are reported separately to emphasize that they are legally separate from the County.

Lawnview Industries, Inc. – Lawnview Industries, Inc. (Lawnview) is a legally separate, not-for profit corporation, served by a self-appointing board of trustees. Lawnview, under contractual agreement with the Champaign County Board of Developmental Disabilities (CCBDD), provides sheltered employment, while educating and training the developmentally disabled citizens of Champaign County. CCBDD reimburses and provides certain operating expenses as necessary for the operation of Lawnview. Based on the significant services and resources provided by the CCBDD to Lawnview and Lawnview's sole purpose of providing assistance to the developmentally disabled adults of Champaign County. Lawnview is a component unit of the County. Complete financial statements for Lawnview may be obtained from the administrative offices at 1250 East Route 36, Urbana, Ohio 43078. (See Note 18 A.)

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

1. REPORTING ENTITY (Continued)

Home Options, Inc. – Home Options, Inc. is a legally separate, not-for-profit corporation. It provides housing exclusively for CCBDD clients. CCBDD reimburses and provides certain operating expenses as necessary for the operation of Home Options, Inc. Based on the significant services and resources provided by the CCBDD to Home Options, Inc. and Home Options' sole purpose of providing assistance to the developmentally disabled adults of Champaign County. Home Options, Inc. is a component unit of the County. Complete financial statements for Home Options, Inc. may be obtained from the administrative offices at 1250 East Route 36, Urbana, Ohio 43078. (See Note 18 B.)

The information presented in Note 2 through Note 17 relates to the primary government. Information related to the discretely presented component units is presented in Note 18.

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

- Champaign County District Board of Health
- Champaign County Child and Family First Council
- Champaign County Emergency Management Agency
- Tri-County Regional Jail
- Champaign Countywide Public Safety Communications Center Council of Governments
- Soil and Water Conservation District
- Mental Health, Drug and Alcohol Services of Logan and Champaign County

The County participates in the Tri-County Regional Jail with Madison and Union counties, which is defined as a joint venture. A joint venture is a legal entity or other organization that results from a contractual arrangement, and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain an ongoing financial interest or an ongoing financial responsibility. This organization is presented in Note 16 to the Basic Financial Statements.

The County is associated with six organizations, five of which are defined as jointly governed organizations and one as a risk sharing pool. These organizations are presented in Notes 15 and 17 to the basic financial statements. These organizations are:

Jointly Governed Organization:

- Central Ohio Youth Center
- Champaign County Child and Family Council
- Fairways Regional Council of Governments
- Champaign Countywide Public Safety Communications System Council of Governments
- North Central Ohio Solid Waste Management District

Risk Sharing Pool:

- Public Entities Pool of Ohio

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America. Generally accepted accounting principles (GAAP) 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, 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. Last year, the County reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. This year the County implemented the cash basis of accounting described below. The fund financial statements now present each major fund in a separate column with non-major funds aggregated and presented in a singled column, rather than a column for each fund type. The more significant of the County's accounting policies are described below.

A. Basis of Presentation

The County's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

1. 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 statements distinguish between those activities of the County that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

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

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Fund Financial Statements

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

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

B. Fund Accounting

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

1. Governmental Funds

Governmental funds are those through which most governmental functions of the County are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. The following are the County's major governmental funds:

General – The General Fund accounts for and reports all financial resource, not accounted for in another fund. The General Fund balance is available to the County for any purpose provided it is expended or transferred according to the general laws of Ohio.

Job and Family Services – This fund accounts for federal, State, and certain public monies used to provide public assistance to general relief recipients, pay providers for medical assistance, and social services.

Motor Vehicle License Gas Tax – This fund accounts for State-levied, shared monies derived from gasoline taxes and the sale of motor vehicle licenses. Disbursements are restricted by State law to county road and bridge repair/improvement programs.

Lawnview 169 Board – This fund accounts for the operation of a school for the persons who are developmentally disabled, financed by a County-wide property tax levy and federal and State grants.

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

2. Proprietary Fund

Proprietary funds focus on the determination of operating income, changes in net assets, financial positions, and cash flows. The County's proprietary fund is an enterprise fund.

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Enterprise Fund – An enterprise fund may be used to account for any activity for which a fee is charged to external users for goods or services. The following is the County's only major enterprise fund:

Wellington Nursing and Rehabilitation Center – This fund was used to account for the operations of the County nursing home. In 2008, the center was sold by the County. The activity in this fund is limited to prior outstanding fees owed.

3. Fiduciary Funds

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

C. Basis of Accounting

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

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

D. Budgetary Process

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

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

E. Cash and Investments

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

Cash and cash equivalents that are held separately within departments of the County and not held by the County Treasurer are recorded on the financial statements as "Cash and Cash Equivalents in Segregated Accounts".

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents.

During 2009, the County invested in STAROhio. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 2009.

Interest earnings are allocated to County funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2009 were \$574,983; which includes \$550,711 assigned from other County funds.

F. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

G. Inventory and Prepaid Items

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

H. Interfund Receivables/Payables

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

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Accumulated Leave

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

J. Employer Contributions to Cost-Sharing Pension Plans

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

K. Long-Term Obligations

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

L. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The County's policy is to first apply restricted resources when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

M. Fund Balance Reserves

The County reserves any portion of fund balance which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

N. Internal Activity

Transfers within governmental activities are eliminated on the government-wide financial statements.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses 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 expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

3. COMPLIANCE

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

4. BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The statement of receipts, disbursements and changes in fund balance – budget and actual (budget basis) presented for the General Fund and each major special revenue fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are that:

1. Encumbrances are treated as disbursements (budget basis) rather than as a reservation of fund balance (cash basis).
2. Unrecorded cash represents amounts received but not included as a receipt on the budget basis operating systems (For example, interest received but not recorded until 2010, etc.). These amounts are included as a receipt on the cash basis operating statements.

The adjustments necessary to convert the results of operations for the year on the GAAP basis to the budget basis are as follows:

	Net Change in Fund Balance			
	General	Job and Family Services	Motor Vehicle License Gas Tax	Lawnview 169 Board
Cash Basis	(\$355,115)	(\$535,909)	(\$164,809)	(\$77,959)
Encumbrances	(175,355)	(46,977)	(233,533)	(102,183)
Unrecorded Cash 2009	(40,682)			
Budget Basis	(\$571,152)	(\$582,886)	(\$398,342)	(\$180,142)

5. DEPOSITS AND INVESTMENTS

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

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

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, any other obligation guaranteed as to principal and interest by the United States, or any book entry, zero-coupon United States treasury security that is a direct obligation of the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
4. 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;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);
7. Securities lending agreements in which the County lends securities and the eligible institution or dealer agrees to simultaneously exchange similar securities or cash, equal value for equal value;
8. Up to 25 percent of the County's total average portfolio in either of the following investments:
 - a. commercial paper notes in entities incorporated under the laws of Ohio or any other State that have assets exceeding \$500 million dollars rated at the time of purchase, which are rated in the highest qualification established by two nationally recognized standard rating services, which do not exceed 10 percent of the aggregate value of the outstanding commercial paper of the issuing corporation and which mature within 270 days after purchase;
 - b. bankers acceptances eligible for purchase by the federal reserve system and which mature within 180 days after purchase;
9. Up to 15 percent of the County's total average portfolio in notes issued by United States corporations or by depository institutions that are doing business under authority granted by the United States provided the notes are rated in the second highest or higher category by at least two nationally recognized standard rating services at the time of purchase and the notes mature within two years from the date of purchase;
10. No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service and consisting exclusively of obligations guaranteed by the United States, securities issued by a federal government agency or instrumentality, and/or highly rated commercial paper; and

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

11. Up to one percent of the County's total average portfolio in debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United State government; and
12. A current unpaid or delinquent tax line of credit, provided that: the maximum aggregate available amount shall not exceed 15 percent of the County's total average portfolio of inactive monies as of the date of execution and delivery of the line of credit; the maximum term during which draws on the line of credit can be made shall be five years; and repayment in full of each draw on the line of credit, plus any accrued and unpaid interest, shall be made not later than the last day of the second year after the year in which the draw is made; or bonds and other obligations of a county reutilization corporation, if the county land reutilization corporation is located wholly or partly within the County.

Reverse repurchase agreements, investments in derivatives, and investments in stripped principal or interest obligations that are not issued or guaranteed by the United States, are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

A. Investments

As of December 31, 2009, the County only had investments in STAROhio.

	<u>Fair Value</u>	<u>Maturity</u>
STAROhio	<u>\$6,756</u>	Average 61.2 Days

B. Interest Rate Risk

The County has no investment policy that addresses interest rate risk beyond State statute requirements. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity.

C. Credit Risk

STAROhio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The County has no investment policy that addresses credit risk.

6. PERMISSIVE SALES AND USE TAX

The County Commissioners, by resolution, imposed a one and one-half percent tax on all retail sales made in the County, except sales of motor vehicles, and on the storage, use, or consumption of tangible personal property in the County, including motor vehicles, not subject to the sales tax. The allocation of the sales tax is 100 percent to the County's General Fund. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies the amount of the tax to be returned to the County to the Office of Budget and Management. The Tax Commissioner's certification must be made within 45 days after the end of each month. The Tax Commissioner shall then, on or before the twentieth of the month in which certification is made, provide for payment to the County.

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

7. PROPERTY TAXES

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the County. Property tax revenue received during 2009 for real and public utility property taxes represents collections of 2008 taxes. Property tax payments received during 2009 for tangible personal property (other than public utility property) are for 2009 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 collected in and intended to finance 2010.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due 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.

Public utility tangible personal property is assessed at varying percentages of true value; public utility real 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.

Tangible personal property tax revenues received in calendar year 2009 (other than public utility property) represents the collection of during 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in calendar year 2009 were levied after October 1, 2008, on the value as of December 31, 2008. New tangible personal property payments made 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 at September 20.

The full tax rate for all County operations for the year ended December 31, 2009, was \$10.7 per \$1,000 of assessed value. The tax rate increased due to an increase in inside millage. The assessed values of real and tangible personal property upon which 2009 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Property	\$702,799,140
Public Utility Property	80,460
Public Utility Tangible Personal Property	23,367,220
Total Assessed Value	<u><u>\$726,246,820</u></u>

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

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

8. PROPERTY LEASE REVENUE

The County leased 150 acres to a farmer for a three-year period beginning March 1, 2008, at an annual rent of \$18,725, with optional annual rental updates. Total rental income on the farm for 2009 was \$10,087 and is reported as rental income in the General Fund.

The County leased office space in downtown Urbana at Miami Square. Total rental income from Miami Square for 2009 was \$6,176 and is reported as rental income in the General Fund.

The County leased office space in South Point Center to various agencies. Total rental income from South Point Center for 2009 was \$259,144 and is reported as rental income in the General Fund.

9. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County maintains comprehensive insurance coverage through the Public Entities Pool of Ohio (PEP), a risk sharing pool (see Note 17), for building contents, vehicles, general liability, public official and police professional liability. Settlements have not exceeded coverage in any of the last three years. There has not been a significant reduction in coverage from the prior year.

The County pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated on accident history and administrative costs.

10. DEFINED BENEFIT PENSION PLANS

A. Ohio Public Employees Retirement System

Plan Description – The County participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions, plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. 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.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. 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.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2009, members in state and local classifications contributed 10.0 percent of covered payroll while public safety and law enforcement members contributed 10.1 percent.

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

10. DEFINED BENEFIT PENSION PLANS (Continued)

The County's contribution rate was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the County's contribution was 17.63 percent of covered payroll. For the period January 1 through March 31, a portion of the County's contribution equal to 7.0 percent of covered payroll was allocated to fund the post-employment health care plan; for the period April 1 through December 31, 2009 this amount was decreased to 5.5 percent. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the County of 14.0 percent, except for public safety and law enforcement, where the maximum employer contribution rate is 18.1 percent.

The County's required contributions for pension obligations to the Traditional Pension and Combined Plans for the year ended December 31, 2009 were \$1,008,026; 100 percent has been contributed for 2009. Contributions to the Member-Directed Plan for 2009 were \$112,180 made by the County and \$80,129 made by the plan members.

B. State Teachers Retirement System of Ohio

Plan Description – Certified teachers employed by the School for Developmental Disabilities participate in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, OH 43215-3371, by calling (614) 227-4090, or by visiting the STRS Ohio website at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. 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.

The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years of 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. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

10. DEFINED BENEFIT PENSION PLANS (Continued)

Funding Policy – For the fiscal year ended June 30, 2009, plan members were required to contribute 10.0 percent of their annual covered salaries. The County was required to contribute 14.0 percent for 2009, 13.0 percent being the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10.0 percent for members and 14.0 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The County's required contributions for pension obligations to the DB Plan for the year ended December 31, 2009 were \$14,017. The full amount has been contributed for 2009. There were no contributions to the DC and Combined Plans for fiscal year 2009 made by the plan members.

11. POST-EMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

Plan Description – Ohio Public Employees Retirement System (OPERS) maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for 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. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

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

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). State Statute requires that public employers fund post-employment health care through 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 employees. In 2009, local government employers contributed 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 17.63 percent. 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 amount of employer contributions which were allocated to fund post-employment health care was 7.0 percent from January 1 through March 31, 2009, and 5.5 percent from April 1 through December 31, 2009.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

11. POST-EMPLOYMENT BENEFITS (Continued)

The County's contributions allocated to fund post-employment health care benefits for the year ended December 31, 2009 were \$704,017; 100 percent has been contributed for 2009.

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. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

B. State Teachers Retirement System of Ohio

Plan Description – Certified teachers, employed by the School for Developmental Disabilities, contribute to the cost-sharing, multiple-employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org or by calling 888-227-7877.

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. The County's contributions allocated to fund post-employment health care benefits for the year ended December 31, 2009 was \$1,632. The full amount has been contributed for 2009.

12. LONG –TERM DEBT

The schedule of changes in long-term obligations of the governmental activities of the County during 2009 follows:

<u>Types / Issues</u>	<u>Balance at 12/31/2008</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance at 12/31/2009</u>	<u>Due Within One Year</u>
Notes Payable:					
2008 Capital Improvement Anticipation Note \$1,000,000 – 6.0%	\$1,000,000	\$1,000,000	\$2,000,000		
Loan:					
2002 Ohio Public Works Commission Loan \$871,786 – 0.0%	523,072		58,119	\$ 464,953	\$ 58,119
General Obligations Bonds:					
1998 County Various Purpose General Obligation Bonds \$1,180,000 – 5.5%	420,000		205,000	215,000	215,000
2005 County Building Refunding Bonds \$2,010,000 – 4.5%	1,945,000		25,000	1,920,000	25,000
Total General Obligation Bonds Payable	<u>2,365,000</u>		<u>230,000</u>	<u>2,135,000</u>	<u>240,000</u>
Total – General Long-Term Obligations	<u>\$3,888,072</u>	<u>\$1,000,000</u>	<u>\$2,288,119</u>	<u>\$2,599,953</u>	<u>\$298,119</u>

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

12. LONG –TERM DEBT (Continued)

The 2008 Capital Improvement Anticipation Note was issued in the amount of \$1,000,000 to finance part of the costs of acquiring and renovating a building for county purposes. This note was reissued in March of 2009 for \$1,000,000 and the new note was paid off completely during 2009.

The Ohio Public Works Commission Loan was obtained for the purpose of funding capital improvement projects and is a general obligation loan. The loan was issued in 2002 with final maturity on January 1, 2018. The loan has zero percent interest rate and will be repaid from the OPWC Loan Repayment Fund.

The 1998 Various Purpose General Obligation Bonds were issued for the purpose of acquiring and renovating a building for use as a County office building. The bonds have a 5.5 percent interest rate and mature in 2010 and will be repaid from the South Point Bond Retirement Fund.

The 2005 County Building Refunding Bonds were issued for the purpose of refunding \$1,865,000 of the 1998 Various Purpose Bonds. The Bonds have a 4.5 percent interest rate and mature in 2017 and will be repaid from the South Point Bond Retirement Fund.

The Ohio Revised Code provides that net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed one percent of the total assessed valuation of the County. The Revised Code further provides that total voted and unvoted net debt of the County less the same exempt debt shall never exceed a sum equal to three percent of the first \$100,000,000 of assessed valuation, plus 1.5 percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus 2.5 percent of such valuation in excess of \$300,000,000. The effects of the debt limitations at December 31, 2009, are an overall legal debt margin of \$16,656,171 and an unvoted legal debt margin of \$7,262,468.

The following is a summary of the County’s future annual debt service requirements for governmental activities:

Year	General Obligation Bonds		OPWC Loans
	Principal	Interest	Principal
2010	\$ 240,000	\$ 85,950	\$ 58,119
2011	240,000	73,300	58,119
2012	255,000	64,900	58,119
2013	260,000	54,700	58,119
2014	270,000	45,600	58,119
2015-2017	870,000	70,400	174,358
Total	<u>\$2,135,000</u>	<u>\$394,850</u>	<u>\$464,953</u>

A. Conduit Debt

The County has limited obligation bonds totaling \$74,703 with Champaign Residential Services, Inc. and \$2,061,052 with Urbana University. In the event of default by the agencies, the County’s obligation would be limited to revenue derived from the rental or sale of the buildings.

In 2006, the County entered into an agreement with the County of Lorain (Catholic Health Partners) for Ohio Hospital Facilities Revenue Bonds, Series 2006. Proposed bonds would not exceed \$450,000,000. The bonds would not constitute a liability of Champaign County; instead, the bond would be the sole obligation of Catholic Health Partners.

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

13. INTERFUND ACTIVITY

A. Interfund Transfers

Interfund transfers for the year ended December 31, 2009, consisted of the following:

Transfer To	Transfer From			Total
	General Fund	Motor Vehicle License Gas Tax Fund	Wellington Nursing and Rehabilitation Center Fund	
Other Governmental Funds	\$328,038	\$58,119	\$1,521,129	\$1,907,286

Transfers are used to move receipts from the fund that State statute or the County's budget requires to collect them to the fund that is required to distribute them; unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; and to return money to the fund from which it was originally provided once a project is completed.

The transfers from the Motor Vehicle License Gas Tax Fund was used to provide debt service resources for the OPWC Loan. The transfers from the Wellington Nursing and Rehabilitation Center Fund to Other Governmental Funds was to move money from the sale of the Nursing Home and Rehabilitation Center for anticipated capital projects, as well as debt service.

B. Interfund Advances

Interfund balances at December 31, 2009, consisted of the following individual fund receivables and payables:

Advance In	Advances Out		Total
	General Fund	Other Governmental Funds	
Other Governmental Funds	\$2,765	\$30,417	\$33,182

The balances due represent loans made to provide working capital for operations or projects. All of these amounts are expected to be repaid within one year.

14. CONTINGENT LIABILITIES

A. Litigation

The County is a defendant in a number of lawsuits pertaining to matters which are incidental to performing routine governmental and other functions. No material claims are outstanding.

B. Federal and State Grants

The County participates in certain federal and State assisted grants and programs that are subject to financial compliance audits by the grantor agencies or their representatives. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Such audits could lead to reimbursements to the grantor agencies. It is the opinion of management that the reimbursement, if any, will not have a material effect on the County's financial position.

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

15. JOINTLY GOVERNED ORGANIZATIONS

A. Central Ohio Youth Center

The Central Ohio Youth Center is a jointly governed organization involving Union, Champaign, Delaware, Logan and Madison Counties. The Center provides facilities for the training, treatment and rehabilitation of delinquent, dependent, abused, or neglected children and was established under Section 2151.34 of the Ohio Revised Code. The operation of the Center is controlled by a joint board of trustees whose membership consists of two appointees of the Union County Commissioners, two appointees of the Delaware County Commissioners, and one appointee from Champaign, Logan, and Madison Counties. Each county's ability to influence the operations of the Center is limited to their representation on the board of trustees. Appropriations are adopted by the joint board of trustees who exercise control over the operation, maintenance, and construction of the Center. Union County serves as the fiscal agent. Each county is charged for their share of the operating costs of the Center based on the number of individuals from their County in attendance. During 2009, Champaign County contributed \$396,154 for operations of the Center. Financial information may be obtained by writing to Victoria M. Jordan, Superintendent of the Central Ohio Youth Center, 18100 State Route 4, Marysville, Ohio 45040.

B. Champaign County Child and Family Council

The Champaign County Child and Family Council was established under Section 121.37 of the Ohio Revised Code to provide help to families seeking government services. These services are provided through coordination, collaboration and cooperation of parents and of public and private agencies and shall foster and develop resources, which minimize barriers and enable families to build on their strengths to enhance their quality of life. Council membership is set by statute and includes the chair of the board of county commissioners, or an individual designated by the board. Appropriations are adopted by the Champaign County Budget Commission and the Champaign County Auditor serves as the fiscal agent. During the period of January through June 2006, the Champaign County Commissioners served as the Council's administrative agent. Beginning July 1, 2006, the Mental Health, Drug and Alcohol Services Board of Logan and Champaign Counties became the Council's administrative agent. Financial information may be obtained by writing to Stacey Logwood, Director of the Champaign County Child and Family Council, 1512 US Highway 68, Urbana, Ohio 43078.

C. Fairways Regional Council of Governments

The County is a participant in the Fairways Regional Council of Governments (the Council), a jointly governed organization with Champaign and Madison Counties. The purpose of the Council is to provide supported living services and family support services for individuals with developmental disabilities and their families. The Council started providing these services in September 1998 and is established under section 167 of the Ohio Revised Code. The Council is governed by a three-member board of directors, consisting of the superintendents of the participating Counties' Developmental Disabilities Boards. Champaign County has no ongoing financial responsibility to the Board. During 2009, Champaign County contributed \$77,266 towards the operation of the Council. Financial information may be obtained by writing to 245 Valley Road, Xenia, Ohio 45385.

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

15. JOINTLY GOVERNED ORGANIZATIONS (Continued)

D. Champaign Countywide Public Safety Communications System Council of Governments

The County entered into an agreement in April 2005 with the Champaign Countywide Public Safety Communications System Council of Governments (COG) whereby the City of Urbana and the County created the COG for the purpose of operating an enhanced 9-1-1 system. The COG contracted with Champaign County to serve as its fiscal agent. During 2009, the County contributed \$4,000 towards the operation of the COG. Financial information may be obtained by writing to 1512 South US Highway 68, Suite A100, Urbana, Ohio 43078.

E. North Central Ohio Solid Waste Management District

Champaign County participates in the North Central Ohio Solid Waste Management District (the District), along with Allen, Hardin, Marion, Shelby and Union Counties. The District was established following the requirements of House Bill 592. The Board of Directors consists of County Commissioners from each county. Allen County serves as the fiscal agent for the District. Initial funding for the District was contributed by each county based on the individual county's population as compared to the total of all participating counties' populations.

Champaign County initially contributed approximately 12 percent of the total funds contributed. In 1994, the District became self-supporting and does not anticipate having to rely on future support coming from funds given to the District by the six counties involved. The County did not contribute to the District in 2009 nor does it anticipate doing so in the future. Complete financial statements can be obtained from the North Central Ohio Solid Waste Management District, Allen County, Ohio. Financial information may be obtained by writing to 212 N Elizabeth Street, Lima, Ohio 45801.

16. JOINT VENTURE

Champaign County is a participant in the Tri-County Regional Jail, which is a joint prison capable of minimum, medium, and maximum security. The prison was built to house convicted criminals from Madison, Union and Champaign Counties. The governing board consists of the Champaign County Sheriff and the Common Pleas Judge from each of the aforementioned counties, with the judge from Champaign County chairing the board. The Champaign County Auditor serves as fiscal agent for the Jail. During 2009, Champaign County contributed \$1,403,743 towards the operation of the jail.

The percentage of equity interest for the County is based on the amount that will be distributed to the County if the contract is terminated. The County's equity interest of \$288,974 represents 33.3 percent of the total equity of the Jail. The Jail is not accumulating significant financial resources nor experiencing fiscal stress which would cause additional financial benefit to or burden on the County. Financial information can be obtained by writing the Champaign County Auditor, 1512 South U.S. Highway 68, Urbana, OH 43078.

17. RISK SHARING POOL

The Public Entities Pool of Ohio (PEP) is a statutory entity created pursuant to section 2744.081, of the Ohio Revised Code, by the execution of an intergovernmental contract ("Participation Agreements"). PEP enables the subscribing subdivisions to pool risk for property, liability and public official liability.

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

17. RISK SHARING POOL (Continued)

PEP has no employees, rather it is administered through contracts with various professionals. Pursuant to a contract, the firm of Accordia of Ohio administers PEP. PEP is a separate legal entity. PEP subcontracts certain self-insurance, administrative and claims functions to a "Pool Operator," currently Pottering Insurance. PEP has executed contracts with various professionals for actuary services, as independent auditors, as loss control representatives, as litigation management and defense law firms, as counsel to PEP and others as required.

The County pays an annual "premium" to PEP for the coverage they are provided, based on rates established by PEP, using anticipated and actual results of operation for the various coverages provided. Participants are also charged for a "surplus contribution" that is used to fund the activities of PEP. During 2009, Champaign County made premium payments of \$158,497 to PEP. There was no required surplus contribution in 2009.

PEP is governed by a seven member Board of Trustees elected by the members of PEP. The County makes an annual contribution to PEP for the coverage it is provided, based on rates established by PEP. Financial information may be obtained by writing to the Public Entities Pool of Ohio, 229 Riverside Drive, Dayton, Ohio, 45402.

18. DISCRETELY PRESENTED COMPONENT UNITS

A. Lawnview Industries, Inc.

Summary of Significant Accounting Policies

ORGANIZATION – Lawnview Industries, Inc. is incorporated as a non-governmental not-for-profit organization under the laws of the State of Ohio.

NATURE OF OPERATIONS – Lawnview Industries, Inc. was organized to give the citizens of Champaign County who are developmentally disabled an opportunity for sheltered employment while educating and training these citizens for a position in the competitive job market. Lawnview Industries, Inc. contracts with local businesses and organizations for various jobs that can be performed within its production capabilities.

BASIS OF PRESENTATION – The financial statements of Lawnview Industries, Inc. are reported using the cash basis of accounting. Receipts are recorded in the Lawnview Industries, Inc. financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

CASH EQUIVALENTS – For the purpose of determining cash flows, Lawnview Industries, Inc. considers cash on hand and amounts in demand deposits to be cash and cash equivalents.

FEDERAL INCOME TAXES – Lawnview Industries, Inc. is exempt from federal income tax under Section 501©(3) of the Internal Revenue Code.

1. Programs

Lawnview Industries, Inc. began operating "Art on Main" in 2001 to give individuals participating at Lawnview Industries, Inc. an opportunity to sell their artwork. The program operates in the Lawnview Industries, Inc.'s facility. In 2009, total revenue amounted to \$3,120. Expenses for Art on Main totaled \$1,719 in 2009.

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

18. DISCRETELY PRESENTED COMPONENT UNITS (Continued)

2. Employee Advisory Committee

The Employee Advisory Committee (formerly Silver Classics) is a wholly owned subsidiary of Lawnview Industries, Inc. Proceeds from the sale of items of the Employee Advisory Committee are used for the benefit of the developmentally disabled citizens of Champaign County in conjunction with the services provided by Lawnview Industries, Inc. The Committee had sales of \$12,450 in 2009. Expenses for the same period were \$10,774. A separate cash account is maintained for the Committee. Cash balances at December 31, 2009 were \$10,377. These balances are included in Lawnview Industries, Inc.'s financial statements.

3. Related Party

Lawnview Industries, Inc. has an ongoing relationship with the Champaign County Board of Developmental Disabilities. As part of this relationship, Lawnview Industries, Inc. reimburses the County Board in an amount agreed upon by the two organizations for selected operating expenses incurred by Lawnview Industries, Inc. Reimbursements paid by Lawnview Industries, Inc. to the County Board are recognized as part of the operating disbursements when paid. As part of this relationship, the County Board pays for various operating disbursements incurred by Lawnview Industries, Inc. on an in-kind (on behalf) basis. These payments are not reported by Lawnview Industries, Inc. on a cash basis of accounting.

4. Concentrations

Lawnview Industries, Inc. contracts with local businesses, primarily in Champaign County, for various jobs that can be performed within the production capabilities of Lawnview Industries, Inc. Lawnview Industries, Inc.'s five largest customers accounted for 72 percent of total sales during 2009.

B. Home Options, Inc.

Summary of Significant Accounting Policies

ORGANIZATION – Home Options, Inc. is incorporated as a non-governmental not-for-profit organization under the laws of the State of Ohio.

NATURE OF OPERATIONS – Home Options, Inc. provides lifetime affordable housing in Champaign County, Ohio for persons with developmental disabilities. Home Options, Inc. utilizes grants received from the State of Ohio to purchase residential real estate, which is in turn rented to persons with developmental disabilities. Rent is established based upon each renter's ability to pay. The primary resource for renters is Home Options, Inc., which is also a component unit of Champaign County.

BASIS OF ACCOUNTING – The financial statements of Home Options, Inc. are reported using the cash basis of accounting. Receipts are recorded in the Home Options, Inc. financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

CASH EQUIVALENTS – For the purpose of determining cash flows, Home Options, Inc. considers cash on hand and amounts in demand deposits to be cash and cash equivalents.

FEDERAL INCOME TAXES – Home Options, Inc. is exempt from federal income tax under Section 501©(3) of the Internal Revenue Code.

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

18. DISCRETELY PRESENTED COMPONENT UNITS (Continued)

1. Related Party

Home Options, Inc. has an ongoing relationship with the Champaign County Board of Developmental Disabilities. As part of this relationship, the County Board pays for various operating expenses incurred by Home Options, Inc. on an in-kind basis. These payments are not reported by Home Options, Inc. on the cash basis of accounting.

Also, Home Options, Inc. receives various grants from the State of Ohio to assist in purchasing real estate. These grants are received through the relationship with the Champaign County Board of Developmental Disabilities.

2. Restricted Assets

As a condition to receiving the grants from the State of Ohio, Home Options, Inc. must retain ownership of each house for a 15-year period. If there is a need to sell a property prior to the expiration of the 15 years, then approval to sell must be received from the State of Ohio.

3. Long-Term Debt

Long-term debt consists of the following:

Notes Payable – Citizens National Bank Payable in monthly installments of \$1,510, Including interest at 7.5%. Due November 1, 2014. Note secured by real estate.	\$ 73,922
Notes Payable – Citizens National Bank Payable in monthly installments of \$281, Including interest at 8.0%. Due May 1, 2015. Note secured by real estate.	14,679
Notes Payable – Citizens National Bank Payable in monthly installments of \$135, Including interest at 7.5%. Due December 1, 2016. Note secured by real estate.	8,717
Notes Payable – Citizens National Bank Payable in monthly installments of \$164, Including interest at 7.25%. Due August 1, 2016. Note secured by real estate.	10,281
Notes Payable – Citizens National Bank Payable in monthly installments of \$72, Including interest at 7.25%. Due September 1, 2017. Note secured by real estate.	1,438
Notes Payable – Citizens National Bank Payable in monthly installments of \$157, Including interest at 7.5%. Due August 1, 2017. Note secured by real estate.	10,815
Notes Payable – Citizens National Bank Payable in monthly installments of \$356, Including interest at 7.5%. Due October 1, 2018. Note Secured by real estate.	27,306
Notes Payable – Citizens National Bank Payable in monthly installments of \$240, Including interest at 8.2%. Due December 14, 2020. Note secured by real estate.	20,817
Notes Payable – Citizens National Bank Payable in monthly installments of \$323, Including interest at 6.38%. Due March 1, 2023. Note secured by real estate.	<u>34,404</u>
Total Long-Term Debt	202,379
Less: Current Maturities	<u>(25,000)</u>
Long-Term Debt	<u>\$177,379</u>

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

18. DISCRETELY PRESENTED COMPONENT UNITS (Continued)

Long-term debt maturing during the next five years is as follows:

2010	\$25,000
2011	26,500
2012	28,000
2013	30,000
2014	30,000

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**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

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

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
U.S. DEPARTMENT OF AGRICULTURE FOOD AND NUTRITION SERVICE			
(Passed through Ohio Department of Job and Family Services)			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	G-89-201036/G-1011-11-5019	10.561	\$94,121
ARRA - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	G-89-201036/G-1011-11-5019		17,414
Total State Administrative Matching Grants for the Supplemental Nutrition Assistance Program			<u>111,535</u>
Total U.S. Department of Agriculture Food and Nutrition Service			<u>111,535</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
(Passed through Ohio Department of Development)			
Community Development Block Grants/Entitlement Grants	A-Z-08-093-1	14.218	2,500
Community Development Block Grants/State's Program	BF-06-011-1	14.228	4,026
	BC-07-011-1		46,106
	BF-07-011-1		83,176
	BF-08-011-1		194,648
Total Community Deveolpment Block Grants/State's Program			<u>327,956</u>
Home Investment Partnerships Program	BC-07-011-2	14.239	111,113
Total U.S. Department of Housing and Urban Development			<u>441,569</u>
U.S. DEPARTMENT OF JUSTICE			
(Direct)			
Bulletproof Vest Partnership Program	FY08	16.607	482
(Direct)			
ARRA Recovery Act-Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	FY09	16.804	9,408
Total U.S. Department of Justice			<u>9,890</u>
U.S. DEPARTMENT OF LABOR			
(Passed through Area 7 Workforce Investment Board)			
Workforce Invesstment Act (WIA) Cluster:			
WIA Adult Program	N/A	17.258	85,196
WIA Adult Program - Administration	N/A		10,234
ARRA - WIA Adult Program	N/A		52,295
Total WIA Adult Program			<u>147,725</u>
WIA Youth Activities	N/A	17.259	112,603
WIA Youth Activities - Administration	N/A		4,400
ARRA - WIA Youth Activities	N/A		80,913
Total WIA Youth Activities			<u>197,916</u>
WIA Dislocated Workers	N/A	17.260	289,238
WIA Dislocated Workers - Administration	N/A		14,823
ARRA - WIA Dislocated Workers	N/A		122,280
Total WIA Dislocated Workers			<u>426,341</u>
Total Workforce Investment Act Cluster and Total U.S. Department of Labor			<u>771,982</u>

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

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

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
U.S. DEPARTMENT OF TRANSPORTATION			
(Passed through Ohio Department of Transportation)			
Highway Planning and Construction	PID 84940-1	20.205	16,356
Formula Grants for Other Than Urbanized Areas:			
Formula Grants for Other Than Urbanized Areas	N/A	20.509	169,915
ARRA - Formula Grants for Other Than Urbanized Areas	OH-86-X001		<u>12,256</u>
Total Formula Grants for Other Than Urbanized Areas			<u>182,171</u>
Total U.S. Department of Transportation			<u>198,527</u>
U.S. DEPARTMENT OF EDUCATION			
(Passed through Ohio Department of Education)			
Special Education Cluster:			
Special Education Grants to States	065896-6B-SF-2009	84.027	17,193
Special Education - Preschool Grant	065896-PG-S1-2009 / 065896-PG-S1-2010 065896-PG-D-2009	84.173	12,350
			<u>450</u>
Total Special Education - Preschool Grant			<u>12,800</u>
Total Special Education Cluster and Total U.S. Department of Education			<u>29,993</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
(Passed through Area Agency on Aging, Planning & Service Area)			
Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers	FY09	93.044	24,015
(Passed through Ohio Department of Job and Family Services)			
Promoting Safe and Stable Families	G-89-20-1036/G-1011-11-5019	93.556	17,947
Temporary Assistance for Needy Families	G-89-20-1036/G-1011-11-5019	93.558	1,262,546
Child Support Enforcement:			
Child Support Enforcement	G-89-20-1036/G-1011-11-5019	93.563	107,394
ARRA - Child Support Enforcement	G-89-20-1036/G-1011-11-5019		<u>113,094</u>
Total Child Support Enforcement			<u>220,488</u>
Child Care Cluster:			
Child Care and Development Block Grant	G-89-20-1036/G-1011-11-5019	93.575	179,962
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	G-89-20-1036/G-1011-11-5019	93.596	175,505
ARRA - Child Care and Development Block Grant	G-89-20-1036/G-1011-11-5019	93.713	<u>28,026</u>
Total Child Care Block Grant			<u>383,493</u>
(Passed through Ohio Secretary of State)			
Voting Access for Individuals with Disabilities-Grants to States	09-SOS-HHHS-11	93.617	655
(Passed through Ohio Department of Job and Family Services)			
Children's Justice Grants to States	G-89-20-1036/G-1011-11-5019	93.643	1,089
Child Welfare Services - State Grants	G-89-20-1036/G-1011-11-5019	93.645	32,822
Foster Care Title IV-E:			
Foster Care Title IV-E	G-89-20-1036/G-1011-11-5019	93.658	122,249
ARRA - Foster Care Title IV-E	G-89-20-1036/G-1011-11-5019		<u>6,219</u>
Total Foster Care			<u>128,468</u>
Adoption Assistance	G-89-20-1036/G-1011-11-5019	93.659	98,238

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

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

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
Social Services Block Grant:			
(Passed through Ohio Department of Job and Family Services)			
Social Services Block Grant	G-89-20-1036/G-1011-11-5019	93.667	517,089
(Passed through Ohio Department of Developmental Disabilities)			
Social Services Block Grant	N/A		34,050
Total Social Service Block Grant			<u>551,139</u>
(Passed through Ohio Department of Job and Family Services)			
Child Abuse and Neglect State Grants	G-89-20-1036/G-1011-11-5019	93.669	222
Chaffee Foster Care Independence Program	G-89-20-1036/G-1011-11-5019	93.674	5,112
State Children's Insurance Program	G-89-20-1036/G-1011-11-5019	93.767	881
Medical Assistance Program:			
(Passed through Ohio Department of Job and Family Services)			
Medical Assistance Program	G-89-20-1036/G-1011-11-5019	93.778	283,938
(Passed through Ohio Department of Developmental Disabilities)			
Medical Assistance Program	N/A	93.778	32,431
ARRA - Medical Assistance Program	N/A		142,542
Total Medical Assistance Program - Board of Developmental Disabilities			<u>174,973</u>
Total Medical Assistance Program			<u>458,911</u>
Total U.S. Department of Health & Human Services			<u>3,186,026</u>
Total Federal Financial Assistance			<u>\$4,749,522</u>

The accompanying notes to this schedule are an integral part of the schedule.

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED DECEMBER 31, 2009**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – SUB-RECIPIENTS

The County passes certain federal awards received from the Ohio Department of Development to other governments or not-for-profit agencies (sub-recipients). As Note A describes, the County reports expenditures of Federal awards to sub-recipients when paid in cash.

As a sub-recipient, the government has certain compliance responsibilities, such as monitoring its sub-recipients to help assure they use these sub-awards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that sub-recipients achieve the award's performance goals.

NOTE C - 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 D - TRANSFERS BETWEEN FEDERAL PROGRAMS

During fiscal year 2009, the County made allowable transfers of \$66,370 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 \$1,262,546 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	\$1,328,916
Transfer to Social Services Block Grant	<u>(66,370)</u>
Total Temporary Assistance for Needy Families	<u><u>\$1,262,546</u></u>

NOTE E – VOTING ACCESS FOR INDIVIDUALS WITH DISABILITIES GRANTS TO STATES

The County received grant funds for the Voting Access for Individuals with Disabilities Grants to States program. The entire funds were not expended prior to the grant expiration period. As a result, the County returned \$177 to the Ohio Secretary of State during 2009.



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*

Honorable County Board of Commissioners
Honorable County Auditor
Honorable County Treasurer
Champaign County
1512 South US Highway 68, Suite B300
Urbana, Ohio 43078

To the Board of County Commissioners, County Auditor, and County Treasurer:

We have audited the financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information and discretely presented component units of Champaign County, (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 2, 2010, wherein we noted the County uses a comprehensive accounting basis other than generally accepted accounting principles. We also noted the County revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. 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 opinions 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.

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 combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Government's financial statements will not be prevented, or detected and timely corrected.

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

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 and questioned costs 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 2, 2010.

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. 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, County Board of Commissioners, and federal awarding agencies and pass-through entities, and others within the County. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

September 2, 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 IN ACCORDANCE WITH OMB CIRCULAR A-133

Honorable County Board of Commissioners
Honorable County Auditor
Honorable County Treasurer
Champaign County
1512 South US Highway 68, Suite B300
Urbana, Ohio 43078

To the Board of County Commissioners, County Auditor, and County Treasurer:

Compliance

We have audited the compliance of Champaign County (the County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that 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 and questioned costs 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, Champaign 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 another instance of noncompliance with those requirements that, while not affecting our opinion on compliance, OMB Circular A-133 requires us to report. The accompanying schedule of findings and questioned costs lists this instance as Finding 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 and questioned costs as Finding 2009-003 to be a material weakness.

The County's response to the finding we identified is described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of the audit committee, management, County 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 2, 2010

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2009**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	Yes
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	Yes
(d)(1)(vii)	Major Programs (list):	CFDA #14.228 - Community Development Block Grants/ State's Program Workforce Investment Act Cluster: CFDA #17.258 Adult Program Adult Program Administration ARRA Adult Program CFDA #17.259 Youth Activities Youth Activities Administration ARRA Youth Activities CFDA #17.260 Dislocated Workers Dislocated Workers Administration ARRA Dislocated Workers

(d)(1)(vii)	Major Programs (list):	CFDA #93.558 - Temporary Assistance for Needy Families Child Care Cluster: CFDA #93.575 – Child Care and Development Block Grant CFDA #93.596 – Child Care Mandatory and Matching Funds of the Child Care and Development Fund CFDA #93.713 – ARRA – Child Care and Development Block Grant CFDA #93.667 - Social Services Block Grant CFDA #93.778 Medical Assistance Program ARRA – Medical Assistance Program
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

FINDING NUMBER 2009-001

Noncompliance

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

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

Officials' Response:

Due to the nature of the events that occurred in 2009, we were unable to comply with G.A.A.P. before year-end. I am currently in the process of reviewing all required data to determine if we will be able to comply with G.A.A.P. for 2010.

FINDING NUMBER 2009-002

Noncompliance – Finding for Recovery – Bonnie Warman – Repaid Under Audit

Ohio Administrative Code Section 5703-25-55(B) states that allowable expenditures by the county auditor from the real estate assessment fund consist of all costs incurred by the auditor related to the assessment of real property for taxation purposes, whether for the determination of “true value in money” or “true value” of all real property as defined in paragraph (A) of rule 5703-25-05 of the Administrative Code, or for the determination of “current agricultural use value of land” as defined in paragraph (B)(2) of rule 5703-25-30 of the Administrative Code, and for the assessment of manufactured or mobile homes taxed like real property under section 4503.06(D)(2) of the Revised Code.

Ohio Administrative Code Section 5703-25-55 (E) states that if the county auditor intends to spend money from the real estate assessment fund for any costs not specifically allowed under paragraph (A), (B), or (C) of this rule or specifically disallowed under paragraph (D) of this rule, the auditor must first seek approval from the tax commissioner upon the filing of a form prescribed by the tax commissioner for that purpose.

The previous County Auditor, Bonnie Warman, ordered floral gifts, in the amount of \$466, from Absolute Floral in May 2008. The County Auditor sent payment to the vendor in June 2008 for the purchase and the expenditure was allocated to the Real Estate Assessment Fund.

In addition, Bonnie Warman requested reimbursement for buns and meat purchased on December 17, 2008 in the amount of \$259.13; and dishtowels, pancake waffle mix, gourmet sauce, and syrup purchased on June 7, 2008 in the amount of \$38.71. The reimbursements in the total amount of \$297.84 were approved and paid by the previous County Auditor to herself on March 13, 2009, and were allocated to the Real Estate Assessment Fund.

These expenditures are not allowable expenditures based on the code section above and were not approved by the tax commissioner.

In accordance with the foregoing facts, and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against the previous Champaign County Auditor, Bonnie Warman in the amount of \$763.84, and in favor of Champaign County’s Real Estate Assessment Fund.

Officials’ Response:

Bonnie Warman repaid the finding on August 26, 2010 as evidenced by pay-in number 44121.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

1. Job and Family Services Questioned Cost

Finding Number	2009-003
CFDA Title and Number	Temporary Assistance for Needy Families CFDA #93.558 Workforce Investment Cluster CFDA #17.258, 17.259, and 17.260
Federal Award Number / Year	G-89-20-1036 / G-1011-11-5019
Federal Agency	US Department of Health and Human Services
Pass-Through Agency	Ohio Department of Job and Family Services Area 7 Workforce Investment Board

Questioned Cost/Non-Compliance/Material Weakness

2 CFR Part 225 App B. Section 37.c indicates rental costs under “less-than-arm’s-length” leases are allowable only up to the amount (as explained in section 37.b of the appendix) that would be allowable had title to the property vested in the County. For this purpose, a less-than-arm’s-length lease is one under which one party to the lease agreement (the County) is able to control or substantially influence the actions of the other (the County Department of Jobs and Family Services). Such leases included, but are not limited to those between divisions of a governmental unit. 2 CFR Part 225 App.B Section 37.b indicates the allowable amounts to be considered had the County Job and Family Services held title to the property includes expenses such as depreciation or use allowance, maintenance, taxes and insurance.

2 CFR Part 225 App. B Section 23.b states financing costs (including interest) paid or incurred which are associated with the otherwise allowable costs of building acquisition, construction, or fabrication, reconstruction or remodeling completed on or after October 1, 1980 is allowable subject to the conditions in section 23.b (1) through (4) of the appendix.

Additionally, **Ohio Admin. Code Section 5101:9-4-11(A)** indicates, the county family service agency shall follow federal, state, and local regulations when seeking federal financial participation for costs associated with the rent or lease of property or equipment. The costs must be necessary and reasonable for proper and efficient performance and administration of the specific program financing the cost and must be in compliance with Office of Budget and Management (OMB) Circular A-87, attachment B and Code of Federal Regulations 2 CFR Part 225.

The Champaign County Department of Job and Family Services leased facilities from the Champaign County Board of Commissioners. Since both parties are divisions of the same governmental unit, these lease agreements appear to constitute “less-than-arm’s-length” agreements and are therefore subject to the limitations of 2 CFR Part 225, Appendix. B Section 37(c).

Finding Number	2009-003 (Continued)
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During 2009, a total of \$178,700 of rental payments was paid by the Champaign County Job and Family Services department to the Champaign County Board of Commissioners. The unallowable cost is shown in the schedule below.

Acquisition Cost of the Building	\$3,879,000
Expected Useful Life of the Asset	45 Years
Annual Depreciation Calculation:	86,200
Annual Interest on Building Bond (2009)	125,675
Maintenance and Insurance	<u>20,933</u>
Total Allowable Rental Cost	232,808
JFS percentage of building	19.22%
JFS allowable Rent Cost	\$44,746
Total Rent paid by Champaign JFS	<u>\$178,700</u>
Allowable rental costs (questioned costs)	<u><u>\$133,954</u></u>

Of the \$133,954 allocated to the individual programs, \$75,280 was funded from Federal dollars and the remaining \$58,674 was funded from state (GRF) monies, which is in violation of Ohio Admin. Code Section 5101:9-4-11(A) listed above.

Grant	CFDA #	Total Excess Rent by Program	Excess Rent Funded from Federal Program Dollars
TANF *	93.558	\$ 41,920	\$41,920
Child Care Block Grant *	93.575 & 93.596	5,097	5,097
Social Services Block Grant *	93.667	6,629	2,570
Medicaid *	93.778	18,871	9,435
SNAP	10.561	10,859	5,492
WIA *	17.258 & 17.259 & 17.260	10,766	10,766
Child Welfare	93.645	32,488	
Child Support	93.563	7,324	
Total Unallowable rental costs		<u>\$133,954</u>	<u>\$75,280</u>

* = major federal program

The excess rent paid with TANF and WIA are in excess of \$10,000 and therefore considered questioned costs under OMB Circular A133 §____.510 (a)(3).

The Board of County Commissioners should modify the building lease agreement with the County JFS so that the lease amount will not exceed the amount allowed in accordance with applicable requirements.

Officials' Response:

See corrective action plan, page 61.

**FINANCIAL CONDITION
CHAMPAIGN 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	Financial Reporting – Material misstatements in annual report	Yes	
2008-002	Reconciliations of Tax Settlements and Agency Funds – Not reconciling funds	No	Partially Corrected; Repeated in separate letter to Management.
2008-003	Jackson Township 2 nd Half Real Property Tax Settlement Apportionment – Incorrectly remitting payments	Yes	
2008-004	ORC 3375.49 – Finding for Recovery against Law Library	Yes	
2008-005	OAC 117-2-03(B) – Preparation of annual report	No	Repeated as Finding 2009-001
2008-006	ORC 321.31, 32.24(A), and 135.351(B)(2) – Untimely tax settlements and interest owed to subdivisions	Yes	
2008-007	ORC 321.26(B) – Untimely tax settlements and penalties owed to subdivisions	Yes	
2008-008	OAC 5703-25-46(A) – Filing incorrect tax abstract	Yes	
2008-009	ORC 149.11(G), 149.43(B)(1), and 149.351(A) – Destruction of records	No	Partially Corrected; Repeated in separate letter to Management.
2008-010	ORC 9.38 – Untimely deposits	Yes	
2008-011	OMB Circular A-133 Section 320(a) – Failure to file federal single audit data	Yes	

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
DECEMBER 31, 2009**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2009-003	As was recommended by the ODJFS Monitoring section and with concurrence of the Board of Commissioners, the CCDJFS stopped making any lease agreement payments to the board in May, 2010. Currently, the lease agreement has built in a per square foot dollar amount for both utilities and maintenance. This is being reviewed to put into an actual billing amount to allow a more accurate reflection of usage and reimbursement to the Board.	May 2010	Susan Bailey-Evans Director



Mary Taylor, CPA
Auditor of State

CHAMPAIGN COUNTY FINANCIAL CONDITION

CHAMPAIGN 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 28, 2010**