



Mary Taylor, CPA
Auditor of State

SCIOTO COUNTY
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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Scioto County
602 Seventh Street
Portsmouth, Ohio 45662

To the Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of Scioto County, Ohio (the County), as of and for the year ended December 31, 2007, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of Scioto County, Ohio, as of December 31, 2007 and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General, Public Assistance, Motor Vehicle Gas Tax, Board of Mental Retardation and Development Disabilities, and Children Services Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 27 to the basic financial statements, the County had a negative cash balance in the General Fund due to the cost of operating the jail. The County made an advance from the Board of Mental Retardation and Developmental Disabilities Fund in the amount of \$2,066,950 to eliminate the GAAP basis negative cash balance in the General Fund. Further, as of March 4, 2009, the combined cash basis unencumbered fund balances of the General Fund and Sheriff's Office and Jail Operations Fund was a deficit balance of \$3,860,834. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2009, 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 accounting principles generally accepted in the United States of America 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 Schedule of Federal Awards Expenditures is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the Schedule of Federal Awards Expenditures 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

March 4, 2009

SCIOTO COUNTY, OHIO
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

MANAGEMENT'S DISCUSSION AND ANALYSIS

Scioto County's discussion and analysis of the annual financial report provides a review of the financial performance for the year ended December 31, 2007.

FINANCIAL HIGHLIGHTS

The County's total net assets increased \$2,453,259 during 2007. Net assets of governmental activities increased \$2,181,101. Net assets of business-type activities increased \$272,158.

General revenues of governmental activities accounted for \$18,923,617. Program specific revenues in the form of charges for services and sales, grants, contributions, and interest restricted to specific programs accounted for \$38,466,919.

The Sewer Enterprise Fund reflected operating income of \$522,867.

The County had \$55,189,004 in expenses related to governmental activities; \$38,466,919 of these expenses were offset by program specific charges for services and sales, grants, contributions and interest. The County had \$2,473,157 in expenses related to business-type activities; all of which were offset by program specific charges for services and capital grants and contributions.

USING THIS ANNUAL FINANCIAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and Statement of Activities provide information about the activities of the County as a whole and present a longer-term view of the County's finances. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as the amount of funds available for future spending. The fund financial statements also look at the County's most significant funds with all other nonmajor funds presented in total in one column.

REPORTING THE COUNTY AS A WHOLE

Statement of Net Assets and the Statement of Activities

The analysis of the County as a whole begins with the Statement of Net Assets and the Statement of Activities. These statements provide information that will help the reader to determine if Scioto County is financially better off or worse off as a result of the year's activities. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the County's net assets and changes to those net assets. This change informs the reader whether the County's financial position, as a whole, has improved or diminished. In evaluating the overall financial health, the reader of these financial statements needs to take into account non-financial factors that also impact the County's financial well-being. Some of these factors include the County's tax base and the condition of capital assets.

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

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Governmental Activities – Most of the County's services are reported here including general government, public safety, public works, health, human services, conservation and recreation, economic development and assistance, and transportation.

Business-Type Activities – These activities include fees for sewer services that are charged based upon the amount of usage. The intent is that the fees charged recoup operational costs.

The financial activities of STAR Inc. and the Scioto County Airport Authority, both component units of Scioto County, are presented in separate columns on the Statement of Net Assets and as separately identified activities on the Statement of Activities. While the County provides services and resources to both STAR Inc. and the Scioto County Airport Authority, these discrete presentations are made in order to emphasize that they are still legally separate organizations from Scioto County. However, focus on the government-wide financial statements remains clearly on Scioto County as the primary government.

REPORTING THE COUNTY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The analysis of the County's major funds begins on page 7. Fund financial statements provide detailed information about the County's major funds – not the County as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the County Auditor, with the approval of the County Commissioners, to help control, manage and report money received for a particular purpose or to show that the County is meeting legal responsibilities for use of grants. Scioto County's major funds are the General, Public Assistance, Motor Vehicle Gas Tax, Board of Mental Retardation and Developmental Disabilities, Children Services, and Sewer Funds.

Governmental Funds – Most of the County's services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or less financial resources that can be spent in the near future on services provided to our residents. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Enterprise Funds – When the County charges citizens for the services it provides, with the intent of recapturing operating costs, these services are generally reported in enterprise funds. Enterprise funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

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THE COUNTY AS A WHOLE

As stated previously, the Statement of Net Assets looks at the County as a whole. Table 1 provides a summary of the County's net assets for 2007 compared to 2006.

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Assets						
Current and						
Other Assets	\$30,349,798	\$31,002,573	\$2,942,015	\$2,896,999	\$33,291,813	\$33,899,572
Investment in						
Joint Venture	118,121	91,528	0	0	118,121	91,528
Capital Assets, Net of Depreciation	77,505,612	75,583,806	15,430,205	15,457,975	92,935,817	91,041,781
Total Assets	107,973,531	106,677,907	18,372,220	18,354,974	126,345,751	125,032,881
Liabilities						
Long-Term Liabilities						
Due Within						
One Year	2,570,023	3,645,958	341,110	350,346	2,911,133	3,996,304
Due in More Than One Year	16,460,400	17,514,500	7,281,223	7,558,105	23,741,623	25,072,605
Current and Other Liabilities	11,223,893	9,979,335	289,920	258,714	11,513,813	10,238,049
Total Liabilities	30,254,316	31,139,793	7,912,253	8,167,165	38,166,569	39,306,958
Net Assets						
Invested in						
Capital Assets, Net of Related Debt	63,911,470	60,848,948	7,944,587	7,712,488	71,856,057	68,561,436
Restricted for:						
Debt Service	449,590	592,681	0	0	449,590	592,681
Capital Projects	507,717	891,488	0	0	507,717	891,488
Other Purposes	15,226,219	14,750,097	0	0	15,226,219	14,750,097
Unrestricted (Deficit)	(2,375,781)	(1,545,100)	2,515,380	2,475,321	139,599	930,221
Total Net Assets	\$77,719,215	\$75,538,114	\$10,459,967	\$10,187,809	\$88,179,182	\$85,725,923

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Current and other assets of the County's governmental activities decreased by \$652,775 which was largely due to a decrease in Due From Other Governments. Equity in pooled cash and cash equivalents in Governmental Activities for the year increased \$1,117,203 mainly due to increased revenues from the State in the Public Assistance Fund.

Total liabilities of the County's governmental activities decreased by \$885,477. This was primarily because of a decrease in long-term debt due to the debt service payments on the General Obligation Bonds and the retirement of the State Infrastructure Bank Loan for the Dixon Mill Road Bridge project.

Invested in capital assets, net of related debt, for governmental activities increased mainly due to the addition of current year infrastructure assets. Total Governmental Activities Net Assets increased by \$2,181,101 primarily due to increased revenues from the State in the Public Assistance Fund.

The net assets of the County's business-type activities increased by \$272,158. The County strives to control operating expenses for business-type activities in order to maintain stability in charges for services.

Table 2 shows the changes in net assets for the years ended December 31, 2006 and 2007.

Table 2
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues						
Program Revenues:						
Charges for Services and Sales	\$6,877,629	\$6,382,876	\$2,614,519	\$2,430,265	\$9,492,148	\$8,813,141
Operating Grants, Contributions, and Interest	27,849,288	29,068,756	0	0	27,849,288	29,068,756
Capital Grants and Contributions	3,740,002	1,894,014	74,896	1,013,677	3,814,898	2,907,691
Total Program Revenues	38,466,919	37,345,646	2,689,415	3,443,942	41,156,334	40,789,588
General Revenues:						
Property Taxes	6,181,970	6,178,916	0	0	6,181,970	6,178,916
Other Local Taxes	347,232	411,114	0	0	347,232	411,114
Sales Tax	9,216,081	9,693,126	0	0	9,216,081	9,693,126
Revenue in Lieu of Taxes	44,746	42,476	0	0	44,746	42,476
Grants and Entitlements not Restricted to Specific Programs	1,440,771	1,614,773	0	0	1,440,771	1,614,773
Unrestricted Investment						
Earnings	958,789	846,745	20,337	8,340	979,126	855,085
Miscellaneous	734,028	877,238	15,132	3,625	749,160	880,863
Total General Revenues	18,923,617	19,664,388	35,469	11,965	18,959,086	19,676,353
Total Revenues	\$57,390,536	\$57,010,034	\$2,724,884	\$3,455,907	\$60,115,420	\$60,465,941

(Continued)

SCIOTO COUNTY, OHIO
Management's Discussion and Analysis
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Table 2
Changes in Net Assets
(Continued)

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Program Expenses						
General Government:						
Legislative and Executive	\$7,126,541	\$7,250,092	\$0	\$0	\$7,126,541	\$7,250,092
Judicial	2,504,990	2,535,218	0	0	2,504,990	2,535,218
Public Safety:						
Sheriff	6,621,680	5,792,070	0	0	6,621,680	5,792,070
Other	3,377,077	3,062,312	0	0	3,377,077	3,062,312
Public Works	4,854,572	2,892,746	0	0	4,854,572	2,892,746
Health	8,278,723	8,056,971	0	0	8,278,723	8,056,971
Human Services	18,995,632	17,833,771	0	0	18,995,632	17,833,771
Conservation and Recreation	541,495	579,895	0	0	541,495	579,895
Economic Development and Assistance	1,092,602	675,551	0	0	1,092,602	675,551
Transportation	890,909	975,117	0	0	890,909	975,117
Interest and Fiscal Charges	904,783	767,326	0	0	904,783	767,326
Sewer	0	0	2,473,157	2,438,891	2,473,157	2,438,891
Total Expenses	55,189,004	50,421,069	2,473,157	2,438,891	57,662,161	52,859,960
Increase						
in Net Assets Before Transfers	2,201,532	6,588,965	251,727	1,017,016	2,453,259	7,605,981
Transfers	(20,431)	0	20,431	0	0	0
Increase in Net Assets	2,181,101	6,588,965	272,158	1,017,016	2,453,259	7,605,981
Net Assets at Beginning of Year	75,538,114	68,949,149	10,187,809	9,170,793	85,725,923	78,119,942
Net Assets at End of Year	<u>\$77,719,215</u>	<u>\$75,538,114</u>	<u>\$10,459,967</u>	<u>\$10,187,809</u>	<u>\$88,179,182</u>	<u>\$85,725,923</u>

Governmental Activities

Operating grants, contributions, and interest restricted to specific programs is the largest source of revenue for Scioto County. The major recipients of operating grants and contributions were the Public Assistance, Motor Vehicle Gas Tax, Board of Mental Retardation and Developmental Disabilities, and Children Services Funds.

Sales tax collected by the County comprised approximately 16.1 percent of total governmental revenues for 2007. Proceeds of the permissive sales tax are credited to the General Fund.

The County's direct charges to users of governmental services made up around 11.9 percent of total governmental revenues for 2007. These charges are for fees for real estate transfers, fees associated with the collection of property taxes, recording fees, sheriff contracts, transportation fees, juvenile detention center contracts, fines and forfeitures related to judicial activity, housing fees for prisoners from other jurisdictions, and licenses and permits.

Human services (including public assistance and children services) programs accounted for approximately 34.4 percent of total expenses for governmental activities. Health programs (including MRDD) make up approximately 15.0 percent of total expenses. Other major program expenses for governmental activities include public safety programs (mainly the sheriff and emergency management departments and the Juvenile Detention Center) which, in total, accounted for approximately 18.1 percent of total expenses.

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The County Commissioners have a quality of life commitment to the citizens and businesses located within the County. For example, the Commissioners continue to provide county-wide transportation through Access Scioto County, maintain infrastructure assets, such as roads and bridges, and maintain the new jail to provide further safety for all citizens.

Business-Type Activities

The net assets for Business-Type Activities increased by \$272,158 during 2007. Charges for services were the largest revenue source.

THE COUNTY'S FUNDS

Information about the County's major governmental funds begins on page 12. These funds are reported using the modified accrual basis of accounting. All governmental funds had total revenues of \$58,402,684 and expenditures of \$60,654,009.

The General Fund balance decreased by \$1,142,975. This decrease was due primarily to expenditures related to jail operations.

The Public Assistance Fund revenues increased by \$1,490,950 primarily due to an increase in money received from the State. As a result, Cash and Cash Equivalents increased by \$1,331,813. The ending fund balance was \$450,500.

The Motor Vehicle Gas Tax Fund expenditures exceeded revenues and other financing sources by \$79,110. The ending fund balance was \$2,302,938.

The Board of Mental Retardation and Developmental Disabilities Fund revenues and other financing sources exceeded expenditures and other financing uses by \$916,622. In 2006, revenues and other financing sources exceeded expenditures and other financing uses by \$2,028,385. The decrease from 2006 to 2007 was primarily due to a significant decrease in intergovernmental revenue which resulted from the discontinuation of the Community Alternative Funding System Program.

The Children Services Fund expenditures exceeded revenues and other financing sources by \$33,403. The ending fund balance was \$1,272,648.

The Sewer Fund reflects operating income of \$522,867 for 2007. Charges for services for sewer utilities have historically been established to ensure that, on a cash basis, fees are adequate to cover operations. The County Commissioners have set fees with the intention of funding operating costs and debt service.

General Fund Budgeting Highlights

The County's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of receipts, disbursements and encumbrances. The County's budget is adopted on a line item basis. Before the budget is adopted, the County Commissioners review detailed budget worksheets of each function within the General Fund and then adopt the budget at the fund, department, and object level (i.e., General Fund – Commissioners – salaries, supplies, equipment, contract repairs, travel expenses, maintenance, and other expenses).

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During 2007, the County amended its General Fund budget as needed. The variance from original budget revenue amounts to the final budget revenue amounts was not significant. The most significant variance from the final budgeted revenue to the actual revenue was in sales taxes. This was the result of a conservative estimate of sales tax revenues.

The variance from original budget expenditure amounts to the final budget expenditure amounts did not increase significantly. The most significant variance from the final budget to actual expenditures was the Sheriff's Department expenditures related to the jail operations.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The increase in depreciable assets of \$4,386,771, as well as \$683,701 in construction in progress, in the governmental activities was the result of the County adding roads, bridges, and other infrastructure assets during 2007.

The increase in construction in progress in the business-type activities was the result of renovations to a sewer pump station totaling \$110,080. See Note 10 of the notes to the basic financial statements for more detailed capital assets information.

Debt

At December 31, 2007, Scioto County had \$16,853,026 in long-term debt outstanding in Governmental Activities. The amount of long-term debt in the Business-Type Activities was \$7,539,910.

The County's total legal debt margin was \$18,072,802 at December 31, 2007, with an unvoted debt margin of \$6,463,460 at December 31, 2007.

See Note 16 of the notes to the basic financial statements for more detailed information.

CURRENT ISSUE

Since 2006, Scioto County has experienced a serious downturn in its financial situation, which is in large part due to the significant increase in expenses related to our criminal justice system. Our Common Pleas Court cases have more than doubled in the past 10 years which, in turn, have impacted not only the Courts but the Prosecutor's Office and County Jail operations as well.

However, the County has committed to a balanced budget in 2008 and has taken a number of steps to reach this goal by both budget reductions and increased revenue. With the exception of interest, the major revenue sources received by the County are continuing to increase compared to 2007, including sales tax and property revenues. The Commissioners established a quarterly spending plan for the General Fund, declared a hiring freeze in all departments with exceptions for required critical positions and are encouraging all departments to utilize other fund monies rather than the General Fund where practical and permissible. The Commissioners have also entered into an agreement with Capital Recovery for the collection of uncollected fees and charges which are significant. The County currently is providing information to Capital Recovery regarding the delinquent fines. The Commissioners have also filed with the Public Utilities Commission of Ohio for permission to use a portion of 911 cell phone

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fees for operation of the 911 Center. The County is currently waiting on all cell phone companies to be in compliance and tested before monies that have been collected can be utilized.

CONTACTING THE COUNTY AUDITOR'S OFFICE

This financial report is designed to provide our citizens, taxpayers, creditors and investors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact David L. Green, County Auditor, Scioto County, 602 Seventh Street, Room 103, Portsmouth, Ohio 45662.

SCIOTO COUNTY, OHIO
Statement of Net Assets
December 31, 2007

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	STAR Inc.	Scioto County Airport Authority
<u>Assets:</u>					
Equity in Pooled Cash and Cash Equivalents	\$13,328,105	\$511,459	\$13,839,564	\$0	\$0
Cash and Cash Equivalents	0	0	0	160,601	203,939
Cash and Cash Equivalents in Segregated Accounts	65,487	354,232	419,719	0	0
Cash and Cash Equivalents with Escrow Agent	27,831	0	27,831	0	0
Cash and Cash Equivalents with Trustee	270,797	137,707	408,504	0	0
Investments with Escrow Agent	132,552	0	132,552	0	0
Accrued Interest Receivable	217	0	217	0	100
Materials and Supplies Inventory	307,067	1,172	308,239	5,155	0
Accounts Receivable	302,017	1,197,944	1,499,961	24,305	3,434
Prepaid Items	229,161	8,685	237,846	0	1,018
Sales Tax Receivable	2,403,509	0	2,403,509	0	0
Property Taxes Receivable	6,439,994	0	6,439,994	0	0
Revenue in Lieu of Taxes Receivable	42,662	0	42,662	0	0
Due from Other Governments	5,783,724	676,524	6,460,248	0	69,222
Due from Component Unit	111,652	0	111,652	0	0
Loans Receivable	669,846	0	669,846	0	0
Deferred Charges	235,177	54,292	289,469	0	0
Investment in Joint Venture	118,121	0	118,121	0	0
Capital Assets:					
Land and Construction in Progress	1,923,034	145,400	2,068,434	0	407,131
Depreciable Capital Assets, Net	75,582,578	15,284,805	90,867,383	40,887	1,803,998
Total Assets	107,973,531	18,372,220	126,345,751	230,948	2,488,842
<u>Liabilities:</u>					
Accounts Payable	841,446	52,894	894,340	1,351	437
Contracts Payable	223,904	7,261	231,165	0	140,672
Accrued Wages and Benefits Payable	649,111	12,923	662,034	7,167	0
Due to Other Governments	2,120,184	97,285	2,217,469	0	0
Accrued Interest Payable	64,349	119,557	183,906	0	0
Matured Compensated Absences Payable	20,970	0	20,970	0	0
Personal Leave Balances Payable	4,333	0	4,333	0	0
Retainage Payable	31,925	0	31,925	0	5,008
Deferred Revenue	7,197,671	0	7,197,671	0	0
Notes Payable	70,000	0	70,000	0	0
Long-Term Liabilities:					
Due Within One Year	2,570,023	341,110	2,911,133	3,875	103,045
Due in More Than One Year	16,460,400	7,281,223	23,741,623	8,185	8,607
Total Liabilities	30,254,316	7,912,253	38,166,569	20,578	257,769
<u>Net Assets:</u>					
Invested in Capital Assets, Net of Related Debt	63,911,470	7,944,587	71,856,057	28,827	2,099,477
Restricted for:					
Debt Service	449,590	0	449,590	0	0
Capital Projects	507,717	0	507,717	0	0
Public Safety	1,762,150	0	1,762,150	0	0
Human Services	2,198,425	0	2,198,425	0	0
Public Works	3,973,596	0	3,973,596	0	0
Health	5,003,230	0	5,003,230	0	0
Community and Economic Development	1,578,200	0	1,578,200	0	0
Transportation	54,554	0	54,554	0	0
Judicial	433,678	0	433,678	0	0
Other Purposes	222,386	0	222,386	0	0
Unrestricted (Deficit)	(2,375,781)	2,515,380	139,599	181,543	131,596
Total Net Assets	\$77,719,215	\$10,459,967	\$88,179,182	\$210,370	\$2,231,073

See Accompanying Notes to the Basic Financial Statements

SCIOTO COUNTY, OHIO
Statement of Activities
For the Year Ended December 31, 2007

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants, Contributions, and Interest	Capital Grants and Contributions
<u>Governmental Activities:</u>				
General Government:				
Legislative and Executive	\$7,126,541	\$2,139,909	\$91,496	\$0
Judicial	2,504,990	1,036,173	406,906	0
Public Safety:				
Sheriff	6,621,680	1,835,066	430,238	0
Other	3,377,077	888,344	757,750	0
Public Works	4,854,572	42,581	4,722,748	2,570,715
Health	8,278,723	180,383	4,591,676	0
Human Services	18,995,632	225,140	16,086,711	0
Conservation and Recreation	541,495	7,236	67,080	26,593
Economic Development and Assistance	1,092,602	5,500	285,000	0
Transportation	890,909	517,297	409,683	1,142,694
Interest and Fiscal Charges	904,783	0	0	0
<i>Total Governmental Activities</i>	55,189,004	6,877,629	27,849,288	3,740,002
<u>Business-Type Activity:</u>				
Sewer	2,473,157	2,614,519	0	74,896
<i>Total Primary Government</i>	\$57,662,161	\$9,492,148	\$27,849,288	\$3,814,898
<u>Component Units:</u>				
STAR Inc.	\$401,114	\$301,522	\$94,540	\$0
Scioto County Airport Authority	127,496	88,404	0	263,029
<i>Total Component Unit Activities</i>	\$528,610	\$389,926	\$94,540	\$263,029

General Revenues:

Property Taxes Levied for:
General Purposes
Board of Mental Retardation and Developmental Disabilities
Children Services
Other Purposes
Other Local Taxes
Sales Tax
Revenue in Lieu of Taxes
Grants and Entitlements not Restricted to Specific Programs
Unrestricted Investment Earnings
Miscellaneous

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets at Beginning of Year - (Restated - See Note 26)

Net Assets at End of Year

See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue and Changes in Net Assets

Primary Government			Component Units		
Governmental Activities	Business-Type Activity	Total	STAR Inc.	Scioto County Airport Authority	
(\$4,895,136)	\$0	(\$4,895,136)	\$0	\$0	\$0
(1,061,911)	0	(1,061,911)	0	0	0
(4,356,376)	0	(4,356,376)	0	0	0
(1,730,983)	0	(1,730,983)	0	0	0
2,481,472	0	2,481,472	0	0	0
(3,506,664)	0	(3,506,664)	0	0	0
(2,683,781)	0	(2,683,781)	0	0	0
(440,586)	0	(440,586)	0	0	0
(802,102)	0	(802,102)	0	0	0
1,178,765	0	1,178,765	0	0	0
(904,783)	0	(904,783)	0	0	0
(16,722,085)	0	(16,722,085)	0	0	0
0	216,258	216,258	0	0	0
(16,722,085)	216,258	(16,505,827)	0	0	0
0	0	0	(5,052)	0	0
0	0	0	0	223,937	223,937
0	0	0	(5,052)	223,937	223,937
1,592,132	0	1,592,132	0	0	0
3,697,100	0	3,697,100	0	0	0
780,111	0	780,111	0	0	0
112,627	0	112,627	0	0	0
347,232	0	347,232	0	0	0
9,216,081	0	9,216,081	0	0	0
44,746	0	44,746	0	0	0
1,440,771	0	1,440,771	0	0	0
958,789	20,337	979,126	5,585	406	406
734,028	15,132	749,160	667	19	19
(20,431)	20,431	0	0	0	0
18,903,186	55,900	18,959,086	6,252	425	425
2,181,101	272,158	2,453,259	1,200	224,362	224,362
75,538,114	10,187,809	85,725,923	209,170	2,006,711	2,006,711
\$77,719,215	\$10,459,967	\$88,179,182	\$210,370	\$2,231,073	\$2,231,073

SCIOTO COUNTY, OHIO

Balance Sheet
Governmental Funds
December 31, 2007

	General	Public Assistance	Motor Vehicle Gas Tax
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$0	\$2,596,429	\$1,462,426
Cash and Cash Equivalents in			
Segregated Accounts	8,791	9,457	303
Cash and Cash Equivalents with Trustee	0	0	0
Receivables:			
Sales Tax	2,403,509	0	0
Property Taxes	1,781,293	0	0
Accounts	7,313	0	276,773
Accrued Interest	217	0	0
Interfund	103,602	49,093	154,600
Revenue in Lieu of Taxes	0	0	0
Due from Other Governments	957,149	36,413	2,358,176
Prepaid Items	70,208	117,826	16,654
Materials and Supplies Inventory	34,331	14,910	243,379
Due from Component Unit	111,652	0	0
Loans Receivable	0	0	0
Restricted Assets:			
Cash and Cash Equivalents with Escrow Agent	0	0	0
Investments with Escrow Agent	0	0	0
Equity in Pooled Cash and Cash Equivalents	284,070	0	0
Total Assets	<u>\$5,762,135</u>	<u>\$2,824,128</u>	<u>\$4,512,311</u>
<u>Liabilities:</u>			
Accounts Payable	\$181,127	\$65,740	\$65,933
Contracts Payable	0	0	29,238
Accrued Wages and Benefits Payable	189,507	115,759	129,844
Personal Leave Balances Payable	0	0	0
Due to Other Governments	439,287	1,133,808	98,201
Interfund Payable	2,598,639	53,170	0
Retainage Payable	0	0	0
Retainage Payable from Restricted Assets	0	0	0
Accrued Interest Payable	12,555	0	0
Matured Compensated Absences Payable	20,970	0	0
Deferred Revenue	3,364,512	1,005,151	1,886,157
Notes Payable	45,000	0	0
Total Liabilities	<u>6,851,597</u>	<u>2,373,628</u>	<u>2,209,373</u>
<u>Fund Balances:</u>			
Reserved for Encumbrances	80,391	474,847	35,067
Reserved for Unclaimed Monies	284,070	0	0
Reserved for Loans Receivable	0	0	0
Reserved for Due From Component Unit	8,607	0	0
Unreserved, (Deficit) Undesignated Reported in:			
General Fund	(1,462,530)	0	0
Special Revenue Funds	0	(24,347)	2,267,871
Debt Service Fund	0	0	0
Capital Projects Funds	0	0	0
Total Fund Balances (Deficit)	<u>(1,089,462)</u>	<u>450,500</u>	<u>2,302,938</u>
Total Liabilities and Fund Balances	<u>\$5,762,135</u>	<u>\$2,824,128</u>	<u>\$4,512,311</u>

See Accompanying Notes to the Basic Financial Statements

Board of Mental Retardation and Developmental Disabilities	Children Services	Nonmajor Governmental Funds	Total
\$2,277,281	\$1,227,500	\$5,480,399	\$13,044,035
0	102	46,834	65,487
0	0	270,797	270,797
0	0	0	2,403,509
3,765,206	797,725	95,770	6,439,994
5,704	0	12,227	302,017
0	0	0	217
2,082,630	413	544,253	2,934,591
32,348	8,814	1,500	42,662
935,380	332,190	1,164,416	5,783,724
11,900	6,413	6,160	229,161
0	500	13,947	307,067
0	0	0	111,652
0	0	669,846	669,846
0	0	27,831	27,831
32,552	100,000	0	132,552
0	0	0	284,070
<u>\$9,143,001</u>	<u>\$2,473,657</u>	<u>\$8,333,980</u>	<u>\$33,049,212</u>
\$61,860	\$19,095	\$447,691	\$841,446
23,160	53,477	118,029	223,904
87,927	42,626	83,448	649,111
0	4,333	0	4,333
191,305	55,593	201,990	2,120,184
0	0	282,782	2,934,591
0	2,815	1,279	4,094
0	0	27,831	27,831
0	0	0	12,555
0	0	0	20,970
4,496,402	1,023,070	723,900	12,499,192
0	0	25,000	70,000
<u>4,860,654</u>	<u>1,201,009</u>	<u>1,911,950</u>	<u>19,408,211</u>
71,709	29,180	142,696	833,890
0	0	0	284,070
0	0	579,617	579,617
0	0	0	8,607
0	0	0	(1,462,530)
4,210,638	1,243,468	4,268,476	11,966,106
0	0	955,887	955,887
0	0	475,354	475,354
<u>4,282,347</u>	<u>1,272,648</u>	<u>6,422,030</u>	<u>13,641,001</u>
<u>\$9,143,001</u>	<u>\$2,473,657</u>	<u>\$8,333,980</u>	<u>\$33,049,212</u>

SCIOTO COUNTY, OHIO
 Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 December 31, 2007

Total Governmental Fund Balances \$13,641,001

*Amounts reported for governmental activities in the
 Statement of Net Assets are different because:*

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land	1,866,742	
Construction in progress	56,292	
Depreciable capital assets	108,066,112	
Accumulated depreciation	<u>(32,483,534)</u>	
Total capital assets		77,505,612

The County also has an investment interest in joint venture assets, which is part of the County's overall governmental activities. 118,121

Some of the County's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.

Delinquent property taxes	699,989	
Sales tax	987,033	
Revenue in lieu of taxes	42,662	
Intergovernmental	3,459,968	
Interest	217	
Miscellaneous	<u>111,652</u>	
		5,301,521

Bond issuance costs reported as an expenditure in governmental funds are allocated as an expense over the life of the debt on a full accrual basis. 235,177

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Bonds payable	(12,788,601)	
Notes payable	(762,000)	
Loans payable	(333,516)	
Accrued interest payable	(51,794)	
Capital leases payable	(2,968,909)	
Compensated absences	<u>(2,177,397)</u>	
Total liabilities		<u>(19,082,217)</u>

Net Assets of Governmental Activities \$77,719,215

See Accompanying Notes to the Basic Financial Statements

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SCIOTO COUNTY, OHIO
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2007

	General	Public Assistance	Motor Vehicle Gas Tax
<u>Revenues:</u>			
Property Taxes	\$1,604,053	\$0	\$0
Other Local Taxes	347,232	0	0
Sales Tax	9,177,699	0	0
Revenue in Lieu of Taxes	511	0	0
Charges for Services	1,886,637	0	13,660
Licenses and Permits	6,227	0	0
Fines and Forfeitures	71,561	0	28,921
Intergovernmental	1,716,339	13,653,447	4,617,282
Investment Earnings	844,692	748	79,868
Rent	2,251	0	0
Contributions and Donations	0	0	2,295,075
Miscellaneous	286,229	187,900	44,580
Total Revenues	15,943,431	13,842,095	7,079,386
<u>Expenditures:</u>			
Current:			
General Government:			
Legislative and Executive	6,199,438	0	0
Judicial	1,964,285	0	0
Public Safety:			
Sheriff	4,817,173	0	0
Other	578,326	0	0
Public Works	22,478	0	4,921,335
Health	311,778	0	0
Human Services	435,274	14,119,689	0
Conservation and Recreation	238,648	0	0
Economic Development and Assistance	106,337	0	0
Transportation	0	0	0
Capital Outlay	37,761	0	124,141
Debt Service:			
Principal Retirement	167,681	36,135	2,295,075
Interest and Fiscal Charges	94,234	31,580	0
Principal Retirement - Current Refunding	45,000	0	0
Total Expenditures	15,018,413	14,187,404	7,340,551
Excess of Revenues Over (Under) Expenditures	925,018	(345,309)	(261,165)
<u>Other Financing Sources (Uses):</u>			
Loan Proceeds	0	0	0
Bond Anticipation Notes Issued	312,000	0	0
Inception of Capital Lease	185,724	0	0
Transfers In	263,813	355,390	182,055
Current Refunding	(312,000)	0	0
Transfers Out	(2,517,530)	0	0
Total Other Financing Sources (Uses)	(2,067,993)	355,390	182,055
Net Change in Fund Balances	(1,142,975)	10,081	(79,110)
Fund Balances at Beginning of Year - (Restated see Note 26)	53,513	440,419	2,382,048
Fund Balances (Deficits) at End of Year	(\$1,089,462)	\$450,500	\$2,302,938

See Accompanying Notes to the Basic Financial Statements

Board of Mental Retardation and Developmental Disabilities	Children Services	Nonmajor Governmental Funds	Total
\$3,759,437	\$792,900	\$114,548	\$6,270,938
0	0	0	347,232
0	0	0	9,177,699
32,202	8,660	1,574	42,947
129,095	413	4,296,231	6,326,036
0	0	38,107	44,334
0	0	75,488	175,970
4,313,245	2,175,074	5,164,196	31,639,583
11,923	0	21,496	958,727
0	0	329,038	331,289
19,003	9,250	3,054	2,326,382
78,479	6,227	158,132	761,547
<u>8,343,384</u>	<u>2,992,524</u>	<u>10,201,864</u>	<u>58,402,684</u>
0	0	722,026	6,921,464
0	0	641,844	2,606,129
0	0	1,444,544	6,261,717
0	0	2,543,781	3,122,107
0	0	55,534	4,999,347
7,252,401	0	590,683	8,154,862
0	3,025,927	1,261,870	18,842,760
0	0	100,789	339,437
0	0	988,273	1,094,610
0	0	1,010,306	1,010,306
0	0	2,493,673	2,655,575
131,646	0	1,059,778	3,690,315
42,715	0	716,851	885,380
0	0	25,000	70,000
<u>7,426,762</u>	<u>3,025,927</u>	<u>13,654,952</u>	<u>60,654,009</u>
<u>916,622</u>	<u>(33,403)</u>	<u>(3,453,088)</u>	<u>(2,251,325)</u>
0	0	1,282,321	1,282,321
0	0	450,000	762,000
0	0	150,960	336,684
0	0	2,216,139	3,017,397
0	0	(660,000)	(972,000)
0	0	(520,298)	(3,037,828)
<u>0</u>	<u>0</u>	<u>2,919,122</u>	<u>1,388,574</u>
916,622	(33,403)	(533,966)	(862,751)
<u>3,365,725</u>	<u>1,306,051</u>	<u>6,955,996</u>	<u>14,503,752</u>
<u>\$4,282,347</u>	<u>\$1,272,648</u>	<u>\$6,422,030</u>	<u>\$13,641,001</u>

SCIOTO COUNTY, OHIO
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Year Ended December 31, 2007

Net Change in Fund Balances - Total Governmental Funds (\$862,751)

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

Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital assets additions	4,386,771	
Construction in progress additions	683,701	
Depreciation expense	<u>(3,127,343)</u>	
Excess of capital outlay over depreciation expense		1,943,129

Governmental funds report only the disposal of capital assets to the extent proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported for each sale.

Loss on disposal of capital assets		(21,323)
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Because some revenues will not be collected for several months after the County's year ends, they are not considered "available" revenues and are deferred in the governmental funds.

Delinquent property taxes	(88,968)	
Sales tax	38,382	
Revenue in lieu of taxes	1,799	
Intergovernmental	(962,497)	
Investment Earnings	62	
Miscellaneous	(27,519)	
Increase in the County's equity portion of the joint venture.	<u>26,593</u>	
		(1,012,148)

The issuance of long-term debt provides current financial resources to governmental funds, but in the Statement of Net Assets, the debt is reported as a liability.

Proceeds of bond anticipation notes	(762,000)	
Proceeds of loans	<u>(1,282,321)</u>	
		(2,044,321)

Some capital assets were financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the Statement of Net Assets, the lease obligation is reported as a liability.

(336,684)

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. In the current year, these amounts consist of:

Loan principal payments	2,304,592	
Bond principal payments	797,519	
Bond anticipation notes principal payments	214,000	
Bond anticipation notes refunded	972,000	
Capital lease payments	<u>444,204</u>	
Total long-term debt repayments		4,732,315

Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Increase in compensated absences payable		(197,713)
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Amortization of bond issuance costs, bond premiums, bond discounts, the deferred loss on the refunding of debt, as well as accrued interest payable on the bonds are not reported in the funds, but is allocated as an expense over the life of the debt in the Statement of Activities.

Decrease in accrued interest	18,911	
Amortization of premium on general obligation bonds	205	
Amortization of bond issuance costs	(14,752)	
Amortization of loss on refunding	<u>(23,767)</u>	
		(19,403)

Change in Net Assets of Governmental Activities

\$2,181,101

See Accompanying Notes to the Basic Financial Statements

SCIOTO COUNTY, OHIO
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Property Taxes	\$1,810,000	\$1,601,248	\$1,636,963	\$35,715
Other Local Taxes	350,000	350,000	347,232	(2,768)
Sales Tax	8,400,000	8,714,015	9,181,870	467,855
Revenue in Lieu of Taxes	0	511	511	0
Charges for Services	1,930,977	1,752,338	1,684,981	(67,357)
Licenses and Permits	6,000	6,000	6,227	227
Fines and Forfeitures	76,000	77,065	71,144	(5,921)
Intergovernmental	1,225,000	1,775,845	1,830,912	55,067
Investment Earnings	405,000	700,581	850,689	150,108
Rent	1,900	1,900	2,251	351
Miscellaneous	815,365	103,149	195,801	92,652
Total Revenues	15,020,242	15,082,652	15,808,581	725,929
<u>Expenditures:</u>				
Current:				
General Government:				
Legislative and Executive	6,028,900	6,281,807	6,266,073	15,734
Judicial	1,662,707	2,006,151	1,998,367	7,784
Public Safety:				
Sheriff	4,309,860	4,300,333	4,757,442	(457,109)
Other	475,471	581,642	577,402	4,240
Public Works	172,900	1,950	1,950	0
Health	325,806	317,565	316,623	942
Human Services	772,588	397,615	394,153	3,462
Conservation and Recreation	164,222	167,843	166,289	1,554
Economic Development and Assistance	102,814	108,140	107,500	640
Miscellaneous	0	0	5,661	(5,661)
Capital Outlay	0	37,761	37,761	0
Debt Service:				
Principal Retirement	47,519	52,519	52,519	0
Interest and Fiscal Charges	17,692	16,709	16,709	0
Total Expenditures	14,080,479	14,270,035	14,698,449	(428,414)
Excess of Revenues Over Expenditures	939,763	812,617	1,110,132	297,515
<u>Other Financing Sources (Uses):</u>				
Transfers In	945,303	512,937	263,813	(249,124)
Transfers Out	(1,384,987)	(2,600,633)	(2,600,589)	44
Total Other Financing Sources (Uses)	(439,684)	(2,087,696)	(2,336,776)	(249,080)
Net Change in Fund Balance	500,079	(1,275,079)	(1,226,644)	48,435
Fund Balance at Beginning of Year	(947,676)	(947,676)	(947,676)	0
Prior Year Encumbrances Appropriated	96,430	96,430	96,430	0
Fund Balance (Deficit) at End of Year	(\$351,167)	(\$2,126,325)	(\$2,077,890)	\$48,435

See Accompanying Notes to the Basic Financial Statements

SCIOTO COUNTY, OHIO
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Budget Basis)
Public Assistance Special Revenue Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<i>Variance Positive (Negative)</i>
	<u>Original</u>	<u>Final</u>		
<u>Revenues:</u>				
Intergovernmental	\$15,100,000	\$14,713,883	\$14,188,474	(\$525,409)
Miscellaneous	1,000,000	45,896	186,972	141,076
<i>Total Revenues</i>	16,100,000	14,759,779	14,375,446	(384,333)
<u>Expenditures:</u>				
Current:				
Human Services	16,476,373	15,983,194	14,077,088	1,906,106
Excess of Revenues Over (Under) Expenditures	(376,373)	(1,223,415)	298,358	1,521,773
<u>Other Financing Sources:</u>				
Transfers In	400,000	400,000	355,390	(44,610)
<i>Net Change in Fund Balance</i>	23,627	(823,415)	653,748	1,477,163
<i>Fund Balance at Beginning of Year</i>	593,109	593,109	593,109	0
<i>Prior Year Encumbrances Appropriated</i>	659,250	659,250	659,250	0
<i>Fund Balance at End of Year</i>	<u>\$1,275,986</u>	<u>\$428,944</u>	<u>\$1,906,107</u>	<u>\$1,477,163</u>

See Accompanying Notes to the Basic Financial Statements

SCIOTO COUNTY, OHIO
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Budget Basis)
Motor Vehicle Gas Tax Special Revenue Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<i>Variance Positive (Negative)</i>
	<i>Original</i>	<i>Final</i>		
<u>Revenues:</u>				
Charges for Services	\$10,000	\$13,542	\$13,797	\$255
Fines and Forfeitures	29,551	29,551	27,788	(1,763)
Intergovernmental	5,077,919	4,638,427	4,638,427	0
Investment Earnings	51,000	51,000	81,382	30,382
Miscellaneous	93,500	44,968	44,968	0
<i>Total Revenues</i>	<u>5,261,970</u>	<u>4,777,488</u>	<u>4,806,362</u>	<u>28,874</u>
<u>Expenditures:</u>				
Current:				
Public Works	5,560,770	5,717,588	4,955,981	761,607
Capital Outlay	0	172,141	124,141	48,000
<i>Total Expenditures</i>	<u>5,560,770</u>	<u>5,889,729</u>	<u>5,080,122</u>	<u>809,607</u>
Excess of Revenues Over (Under) Expenditures	<u>(298,800)</u>	<u>(1,112,241)</u>	<u>(273,760)</u>	<u>838,481</u>
<u>Other Financing Sources (Uses):</u>				
Advances Out	0	0	(86,600)	(86,600)
Transfers In	296,800	210,673	182,055	(28,618)
<i>Total Other Financing Sources (Uses)</i>	<u>296,800</u>	<u>210,673</u>	<u>95,455</u>	<u>(115,218)</u>
<i>Net Change in Fund Balance</i>	(2,000)	(901,568)	(178,305)	723,263
<i>Fund Balance at Beginning of Year</i>	1,402,282	1,402,282	1,402,282	0
<i>Prior Year Encumbrances Appropriated</i>	<u>128,958</u>	<u>128,958</u>	<u>128,958</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$1,529,240</u></u>	<u><u>\$629,672</u></u>	<u><u>\$1,352,935</u></u>	<u><u>\$723,263</u></u>

See Accompanying Notes to the Basic Financial Statements

SCIOTO COUNTY, OHIO
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Budget Basis)
Board of Mental Retardation and Developmental Disabilities Special Revenue Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<i>Variance Positive (Negative)</i>
	<u>Original</u>	<u>Final</u>		
<u>Revenues:</u>				
Property Taxes	\$3,495,000	\$2,981,723	\$3,820,831	\$839,108
Revenue in Lieu of Taxes	0	32,576	32,576	0
Charges for Services	50,000	165,000	122,391	(42,609)
Intergovernmental	3,456,546	4,244,330	4,327,044	82,714
Investment Earnings	5,700	5,700	5,666	(34)
Contributions and Donations	171,297	11,297	19,003	7,706
Miscellaneous	151,000	36,000	76,478	40,478
<i>Total Revenues</i>	<u>7,329,543</u>	<u>7,476,626</u>	<u>8,403,989</u>	<u>927,363</u>
<u>Expenditures:</u>				
Current:				
Health	7,198,021	7,897,661	7,359,584	538,077
Debt Service:				
Principal Retirement	0	13,996	7,040	6,956
Interest and Fiscal Charges	0	2,216	2,216	0
<i>Total Expenditures</i>	<u>7,198,021</u>	<u>7,913,873</u>	<u>7,368,840</u>	<u>545,033</u>
<i>Net Change in Fund Balance</i>	131,522	(437,247)	1,035,149	1,472,396
<i>Fund Balance at Beginning of Year</i>	3,102,132	3,102,132	3,102,132	0
<i>Prior Year Encumbrances Appropriated</i>	<u>64,852</u>	<u>64,852</u>	<u>64,852</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$3,298,506</u></u>	<u><u>\$2,729,737</u></u>	<u><u>\$4,202,133</u></u>	<u><u>\$1,472,396</u></u>

See Accompanying Notes to the Basic Financial Statements

SCIOTO COUNTY, OHIO
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Budget Basis)
Children Services Special Revenue Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<i>Variance Positive (Negative)</i>
	<i>Original</i>	<i>Final</i>		
<u>Revenues:</u>				
Property Taxes	\$610,000	\$508,016	\$805,918	\$297,902
Revenue in Lieu of Taxes	0	8,767	8,767	0
Charges for Services	355,710	0	0	0
Intergovernmental	1,300,000	2,824,819	2,469,479	(355,340)
Contributions and Donations	10,000	10,000	9,250	(750)
Miscellaneous	1,250,000	0	6,228	6,228
<i>Total Revenues</i>	3,525,710	3,351,602	3,299,642	(51,960)
<u>Expenditures:</u>				
Current:				
Human Services	3,913,780	3,961,325	3,115,080	846,245
<i>Net Change in Fund Balance</i>	(388,070)	(609,723)	184,562	794,285
<i>Fund Balance at Beginning of Year</i>	934,944	934,944	934,944	0
<i>Prior Year Encumbrances Appropriated</i>	47,545	47,545	47,545	0
<i>Fund Balance at End of Year</i>	<u>\$594,419</u>	<u>\$372,766</u>	<u>\$1,167,051</u>	<u>\$794,285</u>

See Accompanying Notes to the Basic Financial Statements

SCIOTO COUNTY, OHIO
Statement of Fund Net Assets
Enterprise Fund
December 31, 2007

	<i>Sewer</i>
<u>Assets:</u>	
<u>Current Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$511,459
Cash and Cash Equivalents in Segregated Accounts	354,232
Cash and Cash Equivalents with Trustee	137,707
Materials and Supplies Inventory	1,172
Accounts Receivable	1,197,944
Due from Other Governments	676,524
Prepaid Items	8,685
<i>Total Current Assets</i>	<i>2,887,723</i>
<u>Non-Current Assets:</u>	
Deferred Charges	54,292
Capital Assets:	
Land	18,480
Construction in Progress	126,920
Depreciable Capital Assets, Net	15,284,805
<i>Total Non-Current Assets</i>	<i>15,484,497</i>
<i>Total Assets</i>	<i>18,372,220</i>
<u>Liabilities:</u>	
<u>Current Liabilities:</u>	
Accounts Payable	52,894
Contracts Payable	7,261
Accrued Wages and Benefits Payable	12,923
Due to Other Governments	97,285
Accrued Interest Payable	119,557
General Obligation Bonds Payable	173,789
Mortgage Revenue Bonds Payable	35,000
Farmer's Home Administration Bonds Payable	52,894
Ohio Public Works Commission Loans Payable	28,476
Compensated Absences Payable	50,951
<i>Total Current Liabilities</i>	<i>631,030</i>
<u>Long-Term Liabilities (Net of Current Portion):</u>	
General Obligation Bonds Payable	3,722,938
Mortgage Revenue Bonds Payable	70,000
Farmer's Home Administration Bonds Payable	3,001,084
Ohio Public Works Commission Loans Payable	455,729
Compensated Absences Payable	31,472
<i>Total Long-Term Liabilities</i>	<i>7,281,223</i>
<i>Total Liabilities</i>	<i>7,912,253</i>
<u>Net Assets:</u>	
Invested in Capital Assets, Net of Related Debt	7,944,587
Unrestricted	2,515,380
<i>Total Net Assets</i>	<i>\$10,459,967</i>

See Accompanying Notes to the Basic Financial Statements

SCIOTO COUNTY, OHIO
Statement of Revenues, Expenses
and Changes in Fund Net Assets
Enterprise Fund
For the Year Ended December 31, 2007

	<i>Sewer</i>
<u>Operating Revenues:</u>	
Charges for Services	\$2,614,519
<u>Operating Expenses:</u>	
Personal Services	601,214
Fringe Benefits	364,780
Contractual Services	628,872
Materials and Supplies	233,091
Depreciation	262,477
Other	1,218
<i>Total Operating Expenses</i>	2,091,652
Operating Income	522,867
<u>Non-Operating Revenues (Expenses):</u>	
Investment Earnings	20,337
Interest and Fiscal Charges	(381,505)
Other Non-Operating Revenues	15,132
<i>Total Non-Operating Revenues (Expenses)</i>	(346,036)
Income Before Transfers and Capital Grants	176,831
Transfers In	20,431
Capital Grants	74,896
<i>Net Income</i>	272,158
<i>Net Assets At Beginning of Year</i>	10,187,809
<i>Net Assets At End of Year</i>	\$10,459,967

See Accompanying Notes to the Basic Financial Statements

SCIOTO COUNTY, OHIO
Statement of Cash Flows
Enterprise Fund
For the Year Ended December 31, 2007

	<i>Sewer</i>
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>	
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Charges for Services	\$2,428,055
Other Non-Operating Revenues	15,132
Cash Payments to Suppliers for Goods and Services	(829,463)
Cash Payments to Employees for Services	(618,497)
Cash Payments for Employee Benefits	(364,780)
Cash Payments for Other Operating Expenses	(778)
	<u>629,669</u>
<i>Net Cash Provided by Operating Activities</i>	
<u>Cash Flows from Noncapital Financing Activities:</u>	
Transfers from Other Funds	20,431
	<u>20,431</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>	
Capital Grants Received	270,128
Aquisition of Capital Assets	(233,413)
Principal paid on Bonds and Loans	(276,615)
Interest paid on Bonds and Loans	(367,805)
	<u>(607,705)</u>
<i>Net Cash Used for Capital and Related Financing Activities</i>	
<u>Cash Flows from Investing Activities:</u>	
Investment Earnings	20,337
	<u>20,337</u>
<i>Net Increase in Cash and Cash Equivalents</i>	62,732
<i>Cash and Cash Equivalents at Beginning of Year</i>	940,666
	<u>940,666</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u>\$1,003,398</u>
 <u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</u>	
Operating Income	\$522,867
	<u>\$522,867</u>
<u>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities</u>	
Depreciation	262,477
Other Non-Operating Revenues	15,132
Increase in Accounts Receivable	(186,464)
Increase in Prepaid Items	(402)
Decrease in Materials and Supplies Inventory	3,921
Decrease in Accounts Payable	(31,093)
Decrease in Compensated Absences Payable	(20,820)
Increase in Intergovernmental Payable	61,765
Increase in Accrued Wages and Benefits Payable	2,286
	<u>2,286</u>
Total Adjustments	106,802
	<u>106,802</u>
<i>Net Cash Provided by Operating Activities</i>	<u>\$629,669</u>

See Accompanying Notes to the Basic Financial Statements

SCIOTO COUNTY, OHIO
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2007

Assets:

Equity in Pooled Cash and Cash Equivalents	\$3,054,351
Cash and Cash Equivalents in Segregated Accounts	583,988
Receivables:	
Property Taxes	36,153,441
Accounts	980,229
Revenue in Lieu of Taxes	398,030
Due from Other Governments	<u>3,250,729</u>
 <i>Total Assets</i>	 <u><u>\$44,420,768</u></u>

Liabilities:

Due to Other Governments	\$40,797,429
Undistributed Monies	<u>3,623,339</u>
 <i>Total Liabilities</i>	 <u><u>\$44,420,768</u></u>

See Accompanying Notes to the Basic Financial Statements

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NOTE 1 - DESCRIPTION OF THE COUNTY AND REPORTING ENTITY

Scioto County, Ohio (the County), is governed by a board of three Commissioners elected by the voters of the County. Other officials elected by the voters of the County that manage various segments of the County's operations are the Auditor, Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, a Common Pleas Court Judge, a Probate/Juvenile and Domestic Relations Court Judge, and a Municipal County Court Judge.

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

REPORTING ENTITY

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements 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 Scioto County, this includes the Children Services Board, the Scioto County Board of Mental Retardation and Developmental Disabilities, 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 also include organizations that are fiscally dependent on the County in that the County approves the organization's budget, the issuance of its debt or the levying of its taxes. The County has two component units included in its reporting entity.

DISCRETELY PRESENTED COMPONENT UNITS

The component unit columns in the entity-wide financial statements identify the financial data of the County's discretely presented component units, STAR, Inc. and the Scioto County Airport Authority. They are reported separately to emphasize that they are legally separate from the County.

STAR, Inc.

STAR, Inc. is a non-profit organization which operates as a workshop under contractual agreement with the Scioto County Board of Mental Retardation and Developmental Disabilities that provides sheltered employment for mentally and/or physically handicapped adults in Scioto County.

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

The Scioto County Board of MR/DD provides the workshop with staff salaries, transportation, equipment, staff to administer and supervise training programs, and other funds necessary for the operation of the workshop. Based on the significant services and resources provided by the County to the workshop and the workshop's sole purpose of providing assistance to the mentally and/or physically handicapped adults of Scioto County, the workshop is presented as a component unit of Scioto County. STAR, Inc. operates on a calendar year ending December 31. Separately issued financial statements can be obtained from STAR, Inc., located at 2625 Gallia Street, Portsmouth, Ohio 45662.

Scioto County Airport Authority

The Scioto County Airport Authority operates under a separate board that consists of five members appointed by the County Commissioners. The airport authority generates revenue from sales of fuel, leasing of equipment and rental space. Grants are applied for in the airport authority's name. The County provides payroll, fringe benefits and some utilities. The County is directly responsible for the Airport Facilities Bond and the Airport Hanger Bond Anticipation Note. Financial statements are issued as part of the Scioto County report and are not obtainable separately.

The information presented in Notes 2 through 27 relates to the primary government. Information related to the discretely presented component units is presented in Note 28.

As the custodian of public funds, the County Treasurer invests all public monies held on deposit in the County treasury. In the case of the separate agencies, boards and commissions listed below, the County serves as fiscal agent, but is not financially accountable for their operations. Accordingly, the activities of the following districts and agencies are presented as agency funds within the County's financial statements.

Scioto County Board of Health
Soil and Water Conservation District
STAR Community Justice Center

The County is associated with certain organizations which are defined as Jointly Governed Organizations, a Joint Venture, a Risk Sharing Pool, a Group Purchasing Pool, and a Related Organization. These organizations are presented in Notes 19, 20, and 21 to the Basic Financial Statements. These organizations are:

Adams, Lawrence, Scioto Alcohol, Drug Addiction, and Mental Health Services Board
Ohio Valley Resource Conservation and Development Area, Inc.
Workforce Investment Board
Ohio Valley Regional Development Commission
Scioto County Community Action Organization
Southern Ohio Development Initiative
Portsmouth Metropolitan Housing Authority
Southern Ohio Council of Governments
Joint Solid Waste District

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

County Risk Sharing Authority, Inc. (CORSA)
County Commissioners' Association of Ohio Workers' Compensation Group Rating Plan
Southern Ohio Port Authority

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Scioto County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The County also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its enterprise fund provided they do not conflict with or contradict GASB pronouncements. The County does not apply FASB Pronouncements and Interpretations issued after November 30, 1989, to its business-type activities or enterprise fund. The more significant of the County's accounting policies are described below.

BASIS OF PRESENTATION

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Assets and the Statement of Activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the County that are governmental in nature and those that are considered business-type activities.

The Statement of Net Assets presents the financial condition of the governmental and business-type activities of the County at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities and for the business-type activities of the County. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues 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 interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business segment is self-financing or draws from the general revenues of the County.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

FUND ACCOUNTING

The County uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain County functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds utilized by the County: governmental, proprietary and fiduciary.

GOVERNMENTAL FUNDS

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

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

Public Assistance – This fund accounts for various federal and State resources which are used to provide public assistance to general relief recipients, pay their providers for medical assistance, and for certain public social services.

Motor Vehicle Gas Tax – This fund accounts for revenues derived from motor vehicle licenses and gasoline taxes. Ohio State law restricts these monies to be used for county road and bridge repairs and improvement programs. This fund also accounts for the financial activities of the Scioto County Engineering Department.

Board of Mental Retardation and Developmental Disabilities – This fund accounts for the operation of a school and provides assistance to a workshop for the mentally retarded and developmentally disabled. A County-wide property tax levy, along with federal and State grants, provides the revenues for this fund.

Children Services – This fund accounts for monies received from federal and State grants, the Social Security Administration, and various other resources. The fund makes expenditures to support foster homes, medical treatment, school supplies, counseling, and parental assistance.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

PROPRIETARY FUNDS

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

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 enterprise fund:

Sewer Fund – This fund is used to account for the provision of sanitary sewer services to the residents and businesses of the County.

FIDUCIARY FUNDS

Fiduciary funds focus on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. The three types of trust funds should be used to report resources held and administered by the County when it is acting in a fiduciary capacity for individuals, private organizations, or other governments. These funds are distinguished by the existence of a trust agreement that affects the degree of management involvement and the length of time that the resources are held. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The County's only fiduciary funds are agency funds. The County's agency funds are primarily established to account for the collection and distribution to other governments of various taxes, receipts and fees and to account for funds of various agencies for which the County serves as fiscal agent.

MEASUREMENT FOCUS

Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities, except for those of fiduciary funds, associated with the operation of the County are included on the Statement of Net Assets. The Statement of Activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net assets.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. The governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Like the government-wide statements, all enterprise funds are accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the Statement of Fund Net Assets. The Statement of Revenues, Expenses and Changes in Fund Net Assets presents increases (e.g., revenues) and decreases (e.g., expenses) in total net assets. The Statement of Cash Flows provides information about how the County finances and meets the cash flow needs of its enterprise activities.

BASIS OF ACCOUNTING

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting; enterprise and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

REVENUES – EXCHANGE AND NON-EXCHANGE TRANSACTIONS

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. “Measurable” means that the amount of the transaction can be determined and “available” means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the County, available means expected to be received within sixty days of year-end.

Non-exchange transactions, in which the County receives value without directly giving equal value in return, include property taxes, revenue in lieu of taxes, sales tax, grants, entitlements and donations. On the accrual basis, revenue from property taxes and revenue in lieu of taxes is recognized in the year for which the taxes are levied. (See Note 7.) Revenue from permissive sales tax is recognized in the period in which the sales occur. (See Note 8.) Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the County must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: permissive sales tax, state-levied locally shared taxes (including motor vehicle license fees and gasoline taxes), federal and State subsidies and grants, accounts (i.e., charges for services and licenses and permits), rent, and accrued interest.

DEFERRED REVENUE

Deferred revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of December 31, 2007, but were levied to finance 2008 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met have also been recorded as deferred revenue.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

EXPENSES/EXPENDITURES

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

BUDGETS AND BUDGETARY ACCOUNTING

All funds, other than 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 Commissioner's authorization to spend resources and sets annual limits on expenditures 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 within each department and fund. Budgetary modifications may only be made by resolution of the County Commissioners. The County reports unbudgeted activity on the financial statements due to the County's unclaimed monies fund being classified as an agency fund on the County's books, but which is included with the General Fund for GAAP reporting purposes. The County reported unbudgeted activity for the retirement of State Infrastructure Bank loans paid by the County Engineer's Association of Ohio on behalf of the County which was not reported on the County's books on a budgetary basis, but which was included with the Motor Vehicle Gas Tax Special Revenue Fund for GAAP reporting purposes.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue 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 final budgeted amounts represent estimates from the amended certificate passed by the County Commissioners at year-end.

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CASH AND CASH EQUIVALENTS

Cash balances of the County's funds, except cash held by a trustee, an escrow agent and cash in segregated accounts, are pooled in order to provide improved cash management. 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 with the County Treasurer are recorded on the financial statements as "Cash and Cash Equivalents in Segregated Accounts." The County utilizes financial institutions to service bonded debt as principal and interest payments come due. The balances held in these accounts are presented as "Cash and Cash Equivalents with Trustee."

The County has escrow accounts to hold retainage amounts still owed to contractors until payments are made and to hold proceeds from lease-purchase agreements until payments are made on the projects. The monies held in these accounts are presented as "Restricted Assets: Cash and Cash Equivalents and Investments with Escrow Agent," on the financial statements.

During the year, the County's investments were limited to repurchase agreements, STAROhio, and certificates of deposit. Repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

The County has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during 2007. 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, 2007.

Interest income is distributed to the funds according to Ohio constitutional and statutory requirements. Interest revenue credited to the General Fund during 2007 amounted to \$844,692, all of which was assigned from other funds.

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

MATERIALS AND SUPPLIES INVENTORY

Materials and supplies inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Materials and supplies inventory consists of expendable supplies held for consumption.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

PREPAID ITEMS

Payments made to vendors for services that will benefit periods beyond December 31, 2007, are recorded as prepaid items by using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

INTERFUND RECEIVABLES/PAYABLES

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as “Interfund Receivable” and “Interfund Payable.” Interfund balances are eliminated on the government-wide Statement of Net Assets.

CAPITAL ASSETS

General capital assets are capital assets that are associated with and generally arise from governmental activities. These assets generally result from expenditures in governmental funds. These assets are reported in the Governmental Activities column of the government-wide Statement of Net Assets but are not reported in the fund financial statements. Capital assets used by the enterprise fund are reported in both the Business-Type Activities column of the government-wide Statement of Net Assets and in the fund.

Capital assets are capitalized at cost (or estimated historical cost, which is determined by indexing the current replacement cost back to the year of acquisition) and updated for additions and reductions during the year. Donated capital assets are recorded at their fair market values on the date donated. The County maintains a capitalization threshold of five thousand dollars. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed.

All reported capital assets, except land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the County's historical records of necessary improvements and replacements. Depreciation is computed using the straight-line method over the following useful lives:

<u>Descriptions</u>	<u>Estimated Lives</u>
Land Improvements	20 years
Buildings and Building Improvements	7-50 years
Furniture, Fixtures, and Equipment	5-20 years
Vehicles	8 years
Infrastructure	5-65 years

The County's governmental infrastructure system consists of roads and bridges which includes box culverts and concrete pipes. The business-type infrastructure system is the sewer system, consisting of sewer lines, pump stations, and relay stations. The County reported governmental activity infrastructure that had been acquired before 2002 for the first time in 2007.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

COMPENSATED ABSENCES

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the County will compensate the employees for the benefits through paid time off or some other means. The County records a liability for all accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent it is probable that the benefits will result in termination payments. The liability is an estimate based on the County's past experience of making termination payments.

The entire compensated absences liability is reported on the government-wide financial statements. On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent that payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the funds from which the employees are paid. In the enterprise fund, the entire amount of compensated absences is reported as a fund liability.

Some departments of the County grant personal leave to employees. However, all of these departments except the Department of Children Services charges the personal leave against the employee's sick leave balance. Employees in the Department of Children Services are granted personal leave as of July 1 of each year and must use it by June 30 of the next year. Any unused balance expires on June 30; therefore, the balance at December 31 will be recorded as a liability.

ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable from the enterprise fund are reported on the enterprise fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Long-term loans, bonds, notes, and capital leases that will be paid from governmental funds are recognized as liabilities on the fund financial statements when due.

RESERVATION OF FUND BALANCE

The County reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent expendable resources and therefore are not available for appropriation or expenditure. Fund balances are reserved for encumbrances, unclaimed monies, loans receivable, and due from component unit. Under Ohio law, unclaimed monies are not available for appropriation until they have remained unclaimed for five years. The reserve for due from component unit represents the amount due in more than one year that the Scioto County Airport Authority owes the County for the debt service payments relating to the Airport Facilities Bonds that were issued by the County. The reserve for loans receivable is the portion of the revolving loan fund that is not expected to be repaid in 2007.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

RESTRICTED ASSETS

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Restricted assets represent unclaimed monies held to be reclaimed by its rightful owners, monies held in escrow accounts that are still owed to contractors for work completed relating to the jail construction project and an energy savings renovation project related to the Department of Children Services, and cash and investments related to capital lease-purchase agreements for energy savings renovation projects.

BOND PREMIUMS AND ISSUANCE COSTS

Premiums and issuance costs for government-wide statements and enterprise fund statements are deferred and amortized over the term of the bonds using the straight-line method since the results are not significantly different from the effective interest method. Bond premiums are presented as an increase to the face amount of bonds payable whereas issuance costs are recorded as deferred charges. The accounting loss on refunded bonds (difference between the reacquisition price and the net carrying amount of the old debt) is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter.

CONTRIBUTIONS OF CAPITAL

Contributions of capital assets arise from outside contributions to the Sewer Fund and grants restricted to capital acquisition or construction.

INTERNAL ACTIVITY

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities.

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general revenues.

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 and after non-operating revenues/expenses in enterprise funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

ESTIMATES

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

NET ASSETS

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by the creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes include funds for County road and bridge repairs, residential homes and educational opportunities for the mentally retarded and developmentally disabled, the support and placement of children, improving the living environment of the County, and the operation of public safety and transportation programs.

The County applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

The government-wide Statement of Net Assets reports \$16,183,526 of restricted net assets, none of which are restricted by enabling legislation.

INVESTMENT IN JOINT VENTURE

The County's Investment in Joint Venture relates to the County's equity interest in the Joint Solid Waste District (see Note 19). The County's share in year-end net assets is included on the Statement of Net Assets as an Investment in Joint Venture.

OPERATING REVENUES AND EXPENSES

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the County, these revenues are charges for services for sewer utility charges. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of the fund. Revenues and expenses that do not meet these definitions are reported as non-operating.

NOTE 3 - CHANGES IN ACCOUNTING PRINCIPLES

For 2007, the County has implemented Governmental Accounting Standards Board (GASB) Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", GASB Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues", and GASB Statement No. 50, "Pension Disclosures".

GASB Statement No. 45 improves the relevance and usefulness of financial reporting by requiring systematic, accrual-basis measurement and recognition of OPEB costs over a period that approximates employees' years of service and providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. An OPEB liability at transition was determined in accordance with this Statement for both the OPERS and the STRS post-employment healthcare plans in the amount of \$383,080 and \$1,663, respectively, which are the same as the previously reported liabilities.

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES (Continued)

GASB Statement No. 48 addresses how to account for the exchange of an interest in expected cash flows from collecting specific receivables or specific future revenues for immediate cash payments. The Statement established criteria used to determine whether the transaction should be recorded as revenue or as a liability (a sale or a collateralized borrowing). The implementation of this Statement did not result in any change to the financial statements.

GASB Statement No. 50 requires employers contributing to defined benefit pension plans to include the legal or contractual maximum contribution rates in the notes to the financial statements. The implementation of this Statement did not result in any change to the financial statements.

NOTE 4 - ACCOUNTABILITY AND COMPLIANCE

ACCOUNTABILITY

The General Fund, the Mediation Grant Special Revenue Fund, and the Jail Construction and Hayport Road Bridge Replacement Capital Projects Funds had deficit fund balances of \$1,089,462, \$9,105, \$577, and \$56,219, respectively, at December 31, 2007. The General Fund deficit balance exists because sufficient revenues have not been generated to cover expenditures. The General Fund is liable for the deficits and provides transfers when cash is required, not when accruals occur.

COMPLIANCE

The General Fund had original appropriations in excess of original estimated revenues and available fund balance of \$351,167 for the year ended December 31, 2007.

The General Fund had final appropriations in excess of final estimated revenues and available fund balance of \$2,126,325 for the year ended December 31, 2007.

The Mediation Grant Special Revenue Fund had final appropriations in excess of final estimated revenues and available fund balance of \$15,756 for the year ended December 31, 2007.

Ohio Revised Code Section 5705.10(H) provides that money paid into a fund must be used only for the purpose for which such fund has been established. As a result, a negative balance indicates that money from one fund was used to cover the expenses of another fund. The General Fund and the Mediation Grant Special Revenue Fund had negative balances of \$2,077,890 and \$15,679, respectively.

Ohio Revised Code Section 133.22 (A)(2) requires that a bond issuance to have one purpose and not to be used for general operating expenses. The County issued a Bond Anticipation Note in the amount of \$500,000 which was received and deposited into the General Fund to pay general operating expenses.

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 4 - ACCOUNTABILITY AND COMPLIANCE (Continued)

The following accounts had expenditures plus encumbrances in excess of appropriations for the year ended December 31, 2007:

<u>Fund Type/Name/Program/Object</u>	<u>Final Appropriations</u>	<u>Final Expenditures</u>	<u>Excess</u>
<i>General Fund:</i>			
Public Safety Sheriff			
Salaries	\$2,147,437	\$2,370,639	(\$223,202)
Benefits	1,101,223	1,335,130	(233,907)
Miscellaneous			
Other	0	5,661	(5,661)

The County Auditor will monitor budgetary controls more closely in the future to alleviate such compliance issues.

Ohio Rev. Code Section 5705.36(A)(2) allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. Ohio Rev. Code Section 5705.36(A)(4) requires obtaining a reduced amended certificate if the amount of the deficiency will reduce available resources below the current level of appropriation. A reduced amended certificate should have been obtained and appropriations reduced in the Sheriff's Office and Jail Operations Fund (Fund 250) as a result of actual revenues only being 77% of budgeted revenues which resulted in the fund having a negative December 31, 2007 cash balance of \$2,803,807.

Ohio Rev. Code Section 5705.41 (B) provides, in part, that no subdivision or taxing unit is to expend money unless it has been appropriated. Budgetary expenditures exceeded appropriations at the legal level of control in sixteen line items at March 31, 2007, twenty-eight line items at June 30, 2007, forty-eight line items at October 31, 2007 and seven line items at December 31, 2007.

FEDERAL COMPLIANCE

According to the *State of Ohio Department of Development, Office of Housing and Community Partnership Financial Management Rules and Regulations Handbook, Section (A)(3)(f)*, the grantee must develop a cash management system to ensure compliance with the Fifteen Day Rule relating to prompt disbursement of funds. This rule states that fund draw downs should be limited to amounts that will enable the grantee to disburse the funds on hand to a balance of less than \$5,000 within fifteen days of receipt of any funds. Lump sum draw downs are not permitted. Scioto County has not developed a cash management system to ensure compliance with the Fifteen Day Rule.

All Community Development Block Grant Program funds are required to be reported to the State of Ohio, Department of Development. There are two required reports: Status Reports which are completed every six months and the Final Performance Report. Scioto County did not accurately complete a Final Performance Report for grant numbers B-F-05-068-1 and B-F-06-068-1. Scioto County did not accurately complete most recent 2007 Status Report for grant numbers B-C-06-068-1, B-F-06-068-1, and B-W-06-068-1. This results in questioned costs in the amount of \$25,202.36 for grant number B-F-05-068-1 and \$3,911 for grant number B-F-06-068-1.

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position and results of operations on the basis of generally accepted accounting principles (GAAP), the budgetary basis, as provided by law, is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budget Basis) is presented for the General Fund and the Public Assistance, Motor Vehicle Gas Tax, Board of Mental Retardation and Developmental Disabilities, and Children Services Major Special Revenue Funds to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
4. Unrecorded cash represents amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statements.
5. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
6. The County does not budget for the unclaimed monies activity which is reported as an agency fund on the County's books. However, the activity is included in the General Fund for GAAP reporting purposes.
7. The County did not budget for the monies received by the County Engineer's Association of Ohio which was used to retire the State Infrastructure Bank (SIB) Loan for the Dixon Mill Road bridge replacement project and a portion of the SIB loan for the Arion Road bridge replacement project. However, the activity is included in the Motor Vehicle Gas Tax Fund for GAAP reporting purposes.

The adjustments necessary to convert the results of operations for the year on the GAAP basis to the budget basis for the General Fund and all major special revenue funds are as follows:

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING (Continued)

Net Change in Fund Balance

	General	Public Assistance	Motor Vehicle Gas Tax	Board of Mental Retardation and Developmental Disabilities	Children Services
GAAP Basis	(\$1,142,975)	\$10,081	(\$79,110)	\$916,622	(\$33,403)
Increases (Decreases) Due To:					
Revenue Accruals	(671,885)	521,095	20,280	1,174,555	394,099
Expenditure Accruals	790,303	800,638	70,309	135,224	(45,845)
Encumbrances	(158,339)	(690,322)	(104,955)	(77,302)	(43,308)
Unrecorded Cash - 2006	112,240	21,713	6,610	(1,000,922)	30,262
Unrecorded Cash - 2007	(145,462)	(9,457)	(4,839)	(113,028)	(117,243)
Transfers	(83,059)	0	0	0	0
Advances	0	0	(86,600)	0	0
Payment Received from CEO	0	0	2,295,075	0	0
Retirement of SIB Loans	0	0	(2,295,075)	0	0
Unbudgeted Activity	72,533	0	0	0	0
Budget Basis	<u>(\$1,226,644)</u>	<u>\$653,748</u>	<u>(\$178,305)</u>	<u>\$1,035,149</u>	<u>\$184,562</u>

NOTE 6 - DEPOSITS AND INVESTMENTS

Monies held by the County are classified by State statute into two categories. Active monies are public monies necessary to meet current demands on the treasury. Active monies must be maintained either as cash in the County's 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 may be deposited or invested in the following securities provided a written investment policy has been filed with the Ohio Auditor of State:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury, or any other obligation guaranteed as to principal or interest by the United States, 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. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
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;

NOTE 6 - DEPOSITS AND INVESTMENTS (Continued)

5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAROhio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange similar securities, or cash, equal value for equal value;
9. Up to twenty-five percent of the County's average portfolio in either of the following:
 - a. commercial paper notes in entities incorporated under the laws of Ohio or any other State that have assets exceeding five hundred 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 ten percent of the value of the outstanding commercial paper of the issuing corporation and which mature within two hundred seventy days after purchase;
 - b. bankers acceptances eligible for purchase by the federal reserve system and which mature within one hundred eighty days after purchase;
10. Up to fifteen percent of the County's 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;
11. 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 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
12. Up to one percent of the County's 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 States government.

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited.

Investments may only be made through specific dealers and institutions.

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 6 - DEPOSITS AND INVESTMENTS (Continued)

INVESTMENTS

As of December 31, 2007, the County had the following investments.

	<u>Fair Value</u>	<u>Maturity Date</u>
STAROhio	\$59,608	average 41 days
Repurchase Agreements	<u>6,747,991</u>	01/03/08
Total	<u><u>\$6,807,599</u></u>	

Interest Rate Risk: As a means of limiting its exposure to fair value losses caused by rising interest rates, the County's investment policy requires that, to the extent possible, investments will match anticipated cash flow requirements. Diversification by maturity will ensure the County can meet the projected cash flow as needed. The County Treasurer shall be responsible for meeting the anticipated cash flow needs for the County.

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 underlying securities for the Repurchase Agreements are Federal Home Loan Bank Bonds which carry a credit rating of AAA, and Fidelity National Capital Investors Pool, which is not rated. The County's investment policy limits investments to those authorized by State statute.

Concentration of Credit Risk: The County's investment policy places no limit on the amount it may invest in any one issuer. The County's repurchase agreement investments represent 99.1 percent of the County's total investments.

NOTE 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 2007 for real and public utility property taxes represents collections of 2006 taxes. Property tax payments received during 2007 for tangible personal property (other than public utility property) are for 2007 taxes.

2007 real property taxes are levied after October 1, 2007, on the assessed value as of January 1, 2007, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2007 real property taxes are collected in and intended to finance 2008.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2007 public utility property taxes became a lien December 31, 2006, are levied after October 1, 2007, and are collected in 2008 with real property taxes.

Tangible personal property taxes received in 2007 were levied after October 1, 2006, on the value as of December 31, 2006. In prior years, tangible personal property assessments were 25 percent of true value for capital assets and 23 percent of true value for inventory. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008, and zero for 2009.

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 7 - PROPERTY TAXES (Continued)

The full tax rate for all County operations for the year ended December 31, 2007, was \$8.98 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2007 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Property:	
Residential/Agricultural	\$653,930,100
Commercial/Industrial/Public Utility	148,483,090
Public Utility Real	12,670,380
Public Utility	71,147,270
General Business	43,191,960
Total Assessed Value	<u><u>\$929,422,800</u></u>

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.

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

The County Treasurer collects property taxes on behalf of all taxing districts within the County. The County Auditor periodically remits to the taxing districts their portions of the taxes collected. Collections of the taxes and remittance of them to the taxing districts are accounted for in various agency funds of the County. Property taxes receivable represents real and tangible personal property taxes, public utility taxes, and outstanding delinquencies which are measurable as of December 31, 2007, and for which there is an enforceable legal claim. In the General Fund, the Mental Retardation and Developmental Disabilities Fund, the Children Services Fund, and the T.B. Levy Fund, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2007 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

NOTE 8 - PERMISSIVE SALES TAX

In accordance with Sections 5739.021 and 5741.021 of the Revised Code, the County Commissioners, by resolution, imposed a one and one-half percent tax on all retail sales, except sales of motor vehicles, made in the County, and on the storage, use, or consumption in the County of tangible personal property, including automobiles, not subject to the sales tax. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies to the Office of Budget and Management the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month. The Tax Commissioner shall then, on or before the twentieth day of the month in which certification is made, provide for payment to the County.

A receivable is recognized at year-end for amounts that will be received from sales which occurred during 2007.

NOTE 9 - RECEIVABLES

Receivables at December 31, 2007, consisted of taxes, accounts (billings for user charged services), accrued interest, interfund activity, receivables due in lieu of taxes, receivables due from other governments arising from grants and shared revenues, due from component unit, and loans. All receivables are considered fully collectible and will be received within one year with the exception of property taxes, loans, and due from component unit. Sewer charges receivable, if delinquent, may be certified and collected as a special assessment, subject to foreclosure for nonpayment. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year. The amount for due from component unit expected to be collected in more than one year for the County is \$8,607 and the amount expected to be collected within one year is \$103,045.

The County maintains a revolving loan program for local businesses to encourage business development in the County. The loans receivable balance at December 31, 2007, was \$669,846, of which \$90,229 is considered to be due within one year.

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 9 - RECEIVABLES (Continued)

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

	<i>Amount</i>
<u>Governmental Activities</u>	
Local Government	\$566,212
Bureau of Workers' Compensation Refund	85,781
Indigent Defense Reimbursement	20,040
Juvenile Detention Center Contractual Services	59,925
Human Services Grant	953
Child Support Poundage	17,305
Board of MRDD Contract Services	488,940
Children Services Reimbursements	275,714
Court Fines and Fees	30,015
High Visibility Enforcement Overtime Grant	6,531
Homestead and Rollback	452,515
REACH Grants	91,471
Felony Delinquent Care and Custody Grant	111,747
Community Corrections Act Grant	56,084
School Lunch Reimbursement	3,865
Special Education Grant	60,853
Innovative Programs Grant	166
Prevention Through Family Grant	24,463
Social Security Incentive Program	800
Educational Options for Children	7,692
Rural Transit Grant	32,693
Hearing Impaired Grant	21,250
VOCA Grant	75,418
United Way Grant	2,500
Community Development Block Grant	409,539
Supreme Court of Ohio Mediation Grant	10,937
Byrne Justice Assistance Grant	15,129
ARC Grant for Hayport Road Bridge Replacement	12,867
Ohio Airport Grant	87,943
CASA/GAL Program Grant	27,000
Provision of Jail Facility Services to Other Entities	289,307
Access Scioto County Contractual Services	35,336
Emergency Management Grant	9,097
TANF Demonstration Grant	35,460
Gasoline Tax	1,168,574
Motor Vehicle License Tax	1,189,602
Total Governmental Activities	5,783,724
<u>Business-Type Activities</u>	
Community Development Block Grant	674,430
Ohio Public Works Commission Grant	2,094
Total Business-Type Activities	676,524
Total Intergovernmental Receivables	\$6,460,248

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 10 - CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2007, was as follows:

	Restated Balance At 12/31/2006	Additions	Deletions	Balance At 12/31/2007
<u>Governmental Activities</u>				
Capital Assets, Not Being Depreciated:				
Land	\$1,866,742	\$0	\$0	\$1,866,742
Construction in Progress	3,820,036	683,701	(4,447,445)	56,292
Total Capital Assets, Not Being Depreciated	<u>5,686,778</u>	<u>683,701</u>	<u>(4,447,445)</u>	<u>1,923,034</u>
Depreciable Capital Assets:				
Land Improvements	64,574	42,172	0	106,746
Buildings and Building Improvements	40,932,125	2,106,264	(13,801)	43,024,588
Furniture, Fixtures, and Equipment	4,841,935	726,661	(39,589)	5,529,007
Vehicles	5,816,683	469,102	(382,695)	5,903,090
Infrastructure	48,012,664	5,490,017	0	53,502,681
Total Depreciable Capital Assets	<u>99,667,981</u>	<u>8,834,216</u>	<u>(436,085)</u>	<u>108,066,112</u>
Less Accumulated Depreciation:				
Land Improvements	(59,401)	(2,296)	0	(61,697)
Buildings and Building Improvements	(6,947,930)	(812,902)	13,801	(7,747,031)
Furniture, Fixtures, and Equipment	(2,499,262)	(495,570)	28,673	(2,966,159)
Vehicles	(3,820,860)	(427,968)	372,288	(3,876,540)
Infrastructure	(16,443,500)	(1,388,607)	0	(17,832,107)
Total Accumulated Depreciation	<u>(29,770,953)</u>	<u>(3,127,343)*</u>	<u>414,762</u>	<u>(32,483,534)</u>
Depreciable Capital Assets, Net	<u>69,897,028</u>	<u>5,706,873</u>	<u>(21,323)</u>	<u>75,582,578</u>
Governmental Activities Capital Assets, Net	<u>\$75,583,806</u>	<u>\$6,390,574</u>	<u>(\$4,468,768)</u>	<u>\$77,505,612</u>
<u>Business-Type Activities</u>				
Capital Assets, Not Being Depreciated:				
Land	\$0	\$18,480	\$0	\$18,480
Construction in Progress	16,840	110,080	0	126,920
Total Capital Assets Not Being Depreciated	<u>16,840</u>	<u>128,560</u>	<u>0</u>	<u>145,400</u>
Depreciable Capital Assets:				
Buildings and Building Improvements	6,988,528	0	0	6,988,528
Furniture, Fixtures, and Equipment	680,847	5,550	0	686,397
Vehicles	206,955	80,697	0	287,652
Infrastructure	13,194,543	19,900	0	13,214,443
Total Depreciable Capital Assets	<u>21,070,873</u>	<u>106,147</u>	<u>0</u>	<u>21,177,020</u>
Less Accumulated Depreciation:				
Buildings and Building Improvements	(2,101,395)	(139,771)	0	(2,241,166)
Furniture, Fixtures, and Equipment	(650,491)	(14,746)	0	(665,237)
Vehicles	(183,359)	(13,772)	0	(197,131)
Infrastructure	(2,694,493)	(94,188)	0	(2,788,681)
Total Accumulated Depreciation	<u>(5,629,738)</u>	<u>(262,477)</u>	<u>0</u>	<u>(5,892,215)</u>
Depreciable Capital Assets, Net	<u>15,441,135</u>	<u>(156,330)</u>	<u>0</u>	<u>15,284,805</u>
Business-Type Activities Capital Assets, Net	<u>\$15,457,975</u>	<u>(\$27,770)</u>	<u>\$0</u>	<u>\$15,430,205</u>

NOTE 10 - CAPITAL ASSETS (Continued)

*Depreciation expense was charged to governmental programs as follows:

General Government:	
Legislative and Executive	\$231,206
Judicial	53,794
Public Safety:	
Sheriff	444,766
Other	260,029
Public Works	1,476,763
Health	184,465
Human Services	172,442
Conservation and Recreation	226,803
Transportation	77,075
Total Depreciation Expense	<u>\$3,127,343</u>

NOTE 11 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County maintains comprehensive insurance coverage with the County Risk Sharing Authority, Inc. (CORSA) (See Note 20) for liability, property, auto, and crime insurance. The County also carries Public Officials liability insurance through various insurance agencies. Settlements have not exceeded coverage in any of the last three years. There has not been a significant change in coverage from the prior year.

For 2007, the County participated in the County Commissioners' Association of Ohio Workers' Compensation Group Rating Plan (the Plan), a group purchasing pool. (See Note 20) The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. In order to allocate the savings derived by formation of the Plan, and to maximize the number of participants in the Plan, the Plan's executive committee annually calculates the total savings which accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the Plan is limited to counties that can meet the Plan's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control and actuarial services to the Plan. Each year, the County pays an enrollment fee to the Plan to cover the costs of administering the program.

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

NOTE 12 - DEFINED BENEFIT PENSION PLANS

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 plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that 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 Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2007, members in state and local classifications contributed 9.5 percent of covered payroll, public safety members contributed 9.75 percent, and law enforcement members contributed 10.1 percent.

The County's contribution rate for 2007 was 13.85 percent, except for those plan members in law enforcement or public safety, for whom the County's contribution was 17.17 percent of covered payroll. For the period January 1 through June 30, a portion of the County's contribution equal to 5 percent of covered payroll was allocated to fund the post-employment health care plan; for the period July 1 through December 31, 2007 this amount was increased to 6 percent. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the County of 14 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 and combined plans for the year ended December 31, 2007, 2006, and 2005 were \$1,852,726, 1,549,538, and \$2,416,456, respectively; 88.63 percent has been contributed for 2007 and 100 percent for 2006 and 2005. Contributions to the member-directed plan for 2007 were \$22,407 made by the County and \$15,369 made by plan members.

NOTE 12 - DEFINED BENEFIT PENSION PLANS (Continued)

STATE TEACHERS RETIREMENT SYSTEM OF OHIO

Plan Description - Certified teachers, employed by the School for Mental Retardation and Developmental Disabilities, the County contributes to 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, Ohio 43215-3371 or by calling (888) 227-7877 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 member contributions and earned interest matched by STRS Ohio funds times 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 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. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits.

Funding Policy - For the fiscal year ended June 30, 2007, plan members were required to contribute 10 percent of their annual covered salaries. The County was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2006, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 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 years ended December 31, 2007, 2006, and 2005 were \$80,145, \$59,170, and \$96,340, respectively; 97.76 percent has been contributed for 2007 and 100 percent for 2006 and 2005.

NOTE 13 - POSTEMPLOYMENT BENEFITS

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

Plan Description - OPERS maintains a cost sharing multiple employer defined benefit post-employment health care plan for qualifying members of both the traditional and combined pension plans. Members of the member directed plan do not qualify for ancillary benefits, including post-employment health care. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for post-employment health care coverage, age and service retirees under the traditional and combined plans must have ten 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 administered 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 the traditional or combined plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2007, local government employers contributed 13.85 percent of covered payroll (17.17 percent for public safety and law enforcement). Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. The amount of the employer contributions which was allocated to fund post-employment health care was 5.00 percent of covered payroll from January 1 through June 30, 2007, and 6.00 percent from July 1 to December 31, 2007.

The retirement board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or the retiree's 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.

The County's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2007, 2006, and 2005 were \$1,360,367, \$730,235 and \$979,842 respectively; 73.43 percent has been contributed for 2007 and 100 percent for 2006 and 2005.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan which was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

NOTE 13 - POSTEMPLOYMENT BENEFITS (Continued)

STATE TEACHERS RETIREMENT SYSTEM OF OHIO

Plan Description – Ohio law authorizes STRS Ohio to offer a cost-sharing multiple employer health care plan to eligible retirees who participated in the defined benefit or the combined pension plans and their eligible family members. Coverage includes hospitalization physicians' fees, prescription drugs, and reimbursement of monthly Medicare Part B premiums. Benefit provisions and the obligation to contribute are established by the STRS Ohio based on authority granted by State statute.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio.

STRS Ohio issues a financial report that includes financial information for the health care plan. Interested parties can view the most recent report at www.strsoh.org or obtain a copy by calling (888) 227-7877.

Funding Policy – Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14 percent employer contribution rate, 1 percent of covered payroll was allocated to post-employment health care for the years ended June 30, 2007, 2006, and 2005. The 14 percent contribution is the maximum rate allowed under Ohio law.

All benefit recipients pay a portion of the health care cost in the form of a monthly premium. The County's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2007, 2006, and 2005 were \$6,165, \$4,552, and \$7,411, respectively; 97.76 percent has been contributed for 2007 and 100 percent for 2006 and 2005.

NOTE 14 - OTHER EMPLOYEE BENEFITS

DEFERRED COMPENSATION

County employees and elected officials may participate in one of two state-wide deferred compensation plans created in accordance with Internal Revenue Code Section 457, one offered by the State of Ohio and one by the County Commissioners Association of Ohio. Participation is on a voluntary payroll deduction basis. Each plan permits deferral of compensation until future years. According to the plans, the deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency.

COMPENSATED ABSENCES

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

Accumulated, unused sick leave is paid up to a maximum number of hours, depending on length of service and departmental policy, to employees who retire.

The employees in the Department of Children Services receive three days of personal leave effective each July 1. They must use the leave by June 30 of the next year or forfeit it.

NOTE 14 - OTHER EMPLOYEE BENEFITS (Continued)

INSURANCE BENEFITS

Employee health and dental insurance coverage was provided by Anthem for the year. Also, vision insurance was provided by Anthem Vision Service Plan.

NOTE 15 - LEASES – LESSEE DISCLOSURE

During 2007, and in prior years, the County entered into capitalized leases for vehicles, and for furniture, fixtures, and equipment. The leases meet the criteria of a capital lease as defined by *Statement of Financial Accounting Standards No. 13, "Accounting for Leases,"* which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee.

In 2006, the County entered into lease-purchase agreements for energy-saving renovations to the facilities of the Board of Mental Retardation and Developmental Disabilities, the facilities of the Department of Jobs and Family Services and the Courthouse. The County is leasing the projects from Citimortgage, Inc. Citimortgage, Inc deposited monies with UMB Bank, who serves as the fiscal agent for the monies. The County will utilize the monies held by UMB Bank for the renovations as they progress. In turn, the County will make semi-annual lease payments to UMB Bank. The projects for the facilities of the Department of Jobs and Family Services and the Courthouse, which were included in one lease agreement, were completed in 2007. The project for the facilities of the Board of Mental Retardation and Developmental Disabilities will be completed in 2008. Capital assets acquired under the lease-purchase agreement will be capitalized as buildings and improvements in the Statement of Net Assets for governmental activities. The lease for the facilities of the Department of Jobs and Family Services and Courthouse will expire in 2016. The lease for the facilities of the Board of Mental Retardation and Developmental Disabilities will expire in 2017.

Capital lease payments have been reclassified and are reflected as a debt service expenditure in the basic financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

General capital assets consisting of buildings and improvements, vehicles, and furniture, fixtures, and equipment have been capitalized in the amount of \$3,569,059. A corresponding liability was recorded on the Statement of Net Assets for governmental activities. This amount represents the present value of the minimum lease payments at the time of acquisition. Principal payments in 2007 totaled \$444,204 in the governmental funds.

The assets acquired through capital leases as of December 31, 2007, are as follows:

	<u>Asset Value</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Buildings and Improvements	\$2,087,840	\$221,406	\$1,866,434
Furniture, Fixtures, and Equipment	412,024	99,397	312,627
Vehicles	1,069,195	165,227	903,968
Total	<u>\$3,569,059</u>	<u>\$486,030</u>	<u>\$3,083,029</u>

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 15 - LEASES – LESSEE DISCLOSURE (Continued)

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2007:

Year Ending December 31,	Amount
2008	\$666,169
2009	525,261
2010	466,825
2011	440,380
2012	278,727
2013-2017	1,155,410
Total	3,532,772
Less: Amount Representing Interest	(563,863)
Present Value of Net Minimum Lease Payments	\$2,968,909

The County leases buildings, vehicles, and furniture, fixtures, and equipment under noncancelable operating leases. Operating lease payments are reported as function expenditures in governmental funds and on the budgetary statements. Total operating lease payments in 2007 were \$21,166, which were paid from the Special Revenue Funds.

The following is a schedule of the future minimum lease payments:

Year Ending December 31,	Amount
2008	\$18,320
2009	16,345
2010	12,872
2011	544
Total	\$48,081

NOTE 16 - LONG-TERM OBLIGATIONS

BUSINESS-TYPE ACTIVITIES

General Obligation Bonds

The County has issued General Obligation Bonds supported by Sewer Fund revenues. The proceeds of the bonds were used to fund various improvement projects in the County’s sewer system and to refund bonds previously issued for the same purpose.

The entire amount of the refunded bonds was repaid, leaving no balance still outstanding on the original debt.

NOTE 16 - LONG-TERM OBLIGATIONS (Continued)

Mortgage Revenue Bonds

In 1970, Scioto County issued \$615,000 in Mortgage Revenue Bonds for the purpose of replacing sewer lines. The Sewer Fund's bond indentures have certain restrictive covenants which requires that a bond reserve fund be maintained and charges for services to customers be in sufficient amounts, as defined, to satisfy the obligations under the indenture agreements. In addition, special provisions exist regarding covenant violations, redemption of principal, and maintenance of properties in good condition. The bonds were issued for a 40 year period with final maturity in May 2010. The bonds will be paid with revenues from the Sewer Fund.

The County has pledged future revenues, net of operating expenses, to repay the Mortgage Revenue Bonds. The debt is payable solely from net revenues and is payable through 2010. Annual principal and interest payments on the debt issue are expected to require 5 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$113,466. Principal and interest paid for the current year and total net revenue were \$36,450 and \$800,476, respectively.

Farmer's Home Administration (FHA) Bonds

The Farmer's Home Administration (FHA) General Obligation Bonds were issued for the purpose of replacing sewer lines. The bonds are direct obligations and pledge the full faith and credit of the County for repayment. These bonds are generally issued as 40 year serial bonds paid with revenues from the operation of the sewer system.

Ohio Public Works Commission (OPWC) Loans

The OPWC loans consist of money owed to the Ohio Public Works Commission for various sewer line and pump station renovation projects. These consist of 20 year general obligation loans payable. The liability for the Sewer Fund is recorded in the fund and government-wide financial statements. The loans will be repaid from the Sewer Fund.

Compensated absences will be paid from the Sewer District Enterprise Fund.

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 16 - LONG-TERM OBLIGATIONS (Continued)

The change in the County's Business-Type Activities' long-term obligations during the year consisted of the following:

	Principal Outstanding at 12/31/2006	Additions	Deletions	Principal Outstanding at 12/31/2007	Due Within One Year
<i><u>Business-Type Activities</u></i>					
<i><u>General Obligation Bonds</u></i>					
Franklin Furnace Sewer Improvement					
Bonds 1997 4.50% - \$846,000	\$760,617	\$0	\$11,747	\$748,870	\$12,275
West Portsmouth Sewer System					
Refunding Bonds 1999 4.50% - \$2,880,000	1,930,000	0	140,000	1,790,000	145,000
Unamortized Loss	(124,482)	0	(11,317)	(113,165)	0
Wheelersburg Wastewater Treatment					
Plant Bonds 2004 4.50% - \$1,200,000	1,164,830	0	12,800	1,152,030	13,370
Rigrish Sewer Bonds					
2006 4.50% - \$322,000	322,000	0	3,008	318,992	3,144
Total Enterprise General Obligation Bonds	4,052,965	0	156,238	3,896,727	173,789
<i><u>Mortgage Revenue Bonds</u></i>					
1970 5.375% - \$615,000	135,000	0	30,000	105,000	35,000
<i><u>Farmer's Home Administration (FHA) Bonds</u></i>					
FHA Bonds - West Portsmouth					
Improvement 1993 5.00% - \$825,000	704,000	0	12,900	691,100	13,500
FHA Bonds - Lucasville Phase II					
1995 4.50% - \$650,000	565,960	0	9,850	556,110	10,300
FHA Bonds - Lucasville Phase III					
1996 3.86% - \$842,500	745,772	0	12,224	733,548	12,774
FHA Bonds - West Portsmouth					
Phase VII 1999 4.50% - \$825,000	763,190	0	10,490	752,700	10,960
FHA Bonds - Lucasville Phase IV					
2001 4.75% - \$347,940	325,640	0	5,120	320,520	5,360
Total FHA Bonds	3,104,562	0	50,584	3,053,978	52,894
<i><u>OPWC Loans</u></i>					
2002 0% - \$162,352	125,821	0	8,118	117,703	8,118
2004 0% - \$162,100	141,835	0	8,106	133,729	8,106
2006 0% - \$235,543	235,543	0	11,778	223,765	11,778
2006 0% - \$9,482	9,482	0	474	9,008	474
Total OPWC Loans	512,681	0	28,476	484,205	28,476
<i><u>Other Long-Term Obligations</u></i>					
Compensated Absences Payable	103,243	12,728	33,548	82,423	50,951
Total Business-Type Activities	\$7,908,451	\$12,728	\$298,846	\$7,622,333	\$341,110

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 16 - LONG-TERM OBLIGATIONS (Continued)

The following is a summary of the County's future annual debt service requirements for Business-Type Activities long-term debt:

	General Obligation Bonds		Mortgage Revenue Bonds		FHA Bonds		OPWC Loans
	Principal	Interest	Principal	Interest	Principal	Interest	Principal
2008	\$173,789	\$181,649	\$35,000	\$4,703	\$52,894	\$141,686	\$28,476
2009	180,084	174,080	35,000	2,822	55,369	139,225	28,476
2010	191,438	166,276	35,000	941	57,950	136,648	28,476
2011	197,856	157,741	0	0	60,708	133,951	28,476
2012	209,327	148,875	0	0	63,534	131,125	28,476
2013-2017	1,191,269	592,131	0	0	364,510	608,431	142,380
2018-2022	244,588	398,867	0	0	457,820	515,268	138,313
2023-2027	304,806	338,651	0	0	574,748	398,223	61,132
2028-2032	379,835	263,634	0	0	721,703	251,160	0
2033-2037	473,357	170,092	0	0	560,792	82,895	0
2038-2042	338,367	75,197	0	0	83,950	5,708	0
2043-2046	125,176	10,032	0	0	0	0	0
Totals	\$4,009,892	\$2,677,225	\$105,000	\$8,466	\$3,053,978	\$2,544,320	\$484,205

	Totals	
	Principal	Interest
2008	\$290,159	\$328,038
2009	298,929	316,127
2010	312,864	303,865
2011	287,040	291,692
2012	301,337	280,000
2013-2017	1,698,159	1,200,562
2018-2022	840,721	914,135
2023-2027	940,686	736,874
2028-2032	1,101,538	514,794
2033-2037	1,034,149	252,987
2038-2042	422,317	80,905
2043-2046	125,176	10,032
Totals	\$7,653,075	\$5,230,011

NOTE 16 - LONG-TERM OBLIGATIONS (Continued)

GOVERNMENTAL ACTIVITIES

General Obligation Bonds

The County issues General Obligation Bonds to provide funds for the acquisition and construction of major capital facilities and the refinancing of Bond Anticipation Notes. General Obligation Bonds are direct obligations and pledge the full faith and credit of the County for repayment. These bonds are generally issued as 20 year serial bonds. The Airport Facilities Bond is being paid with monies received from the Scioto County Airport Authority. The Shelton Industries Bonds are paid from general revenues of the County. The bonds are reported as part of unrestricted net assets because the proceeds were used for the renovation of a building owned by the Southern Ohio Port Authority. The Various Purpose and Juvenile Detention Center bonds are both being paid with tax monies receipted into the General Fund and then transferred to the Debt Service Fund. The Human Services Refunding Bonds are being paid with monies received into the Debt Service Fund from the Public Assistance Special Revenue Fund. The County Jail Bonds are being paid from general revenues of the County.

The 2004 Human Services Refunding Bonds were issued May 1, 2004, for the purpose of advance refunding the \$1,960,000 outstanding Human Services Bonds. The refunded bonds were retired on August 1, 2004.

The 2006 Various Purpose Refunding Bonds were issued November 14, 2006, for the purpose of advance refunding \$525,000 of the 2000 Various Purpose Bonds, \$1,055,000 of the 2000 Juvenile Detention Center Bonds, the Human Services Building Acquisition Bond Anticipation Note in the amount of \$210,000, the County Jail Bond Anticipation Note in the amount of \$250,000, and the Various Purpose Bond Anticipation Note in the amount of \$700,000. At December 31, 2007, \$1,580,000 of the refunded bonds was outstanding.

Mental Retardation and Developmental Disabilities (MRDD) Loans

The Board of Mental Retardation and Developmental Disabilities has an outstanding general obligation loan which was issued in 1986. The loan is a direct obligation and pledges the full faith and credit of the County for repayment. The proceeds from the loan were used to construct the building for the STAR Workshop. The loan will be paid from the Board of Mental Retardation and Developmental Disabilities Special Revenue Fund.

State Infrastructure Bank Loans

During 2005, the County entered into a loan through the Ohio Department of Transportation State Infrastructure Bank for the construction of a bridge replacement on Dixon Mill Road. The County received the proceeds of the loan from the Ohio Department of Transportation as expenditures were incurred. During 2006, the County received \$1,281,360. During 2007, the County received \$94,715, the final loan disbursement for the project. While repayment of the loan was scheduled to begin in 2007, the County Engineers' Association of Ohio agreed to repay the loan on behalf of the County through the County Local Bridge Program. Repayment by the County Engineers' Association occurred in July 2007. The amount of the loan was reported by the County as a donation from the County Engineers' Association.

NOTE 16 - LONG-TERM OBLIGATIONS (Continued)

During 2006, the County entered into a loan through the Ohio Department of Transportation State Infrastructure Bank for the construction of a bridge replacement on Arion Road. The loan is a direct obligation and pledges the full faith and credit of the County for repayment. The County receives the proceeds of the loan from the Ohio Department of Transportation as expenditures are incurred. During 2007, the County received \$1,167,040; thus, adding to the long-term liability reported in 2006 of \$27,600. The County Engineers' Association of Ohio has agreed to repay the loan on behalf of the County through the County Local Bridge Program. In December 2007, the County Engineer's Association of Ohio repaid \$919,000 of the outstanding amount of the loan. Repayment of the remaining amount of the loan by the County Engineer's Association of Ohio is scheduled to occur in July 2008. The remaining amount of \$275,640 is being reported as a long-term liability in 2007. In 2008, the County received \$11,646, which was the final loan disbursement for the project. The amount of the loan that was retired by the County Engineer's Association was reported on the financial statements of the County as a donation.

Riverside Park Tractor Loan

During 2007, the County entered into a loan agreement with US Bank for the purchase of a tractor for Riverside Park. The loan is a direct obligation and pledges the full faith and credit of the County for repayment. The loan is being repaid from the General Fund.

Capital Leases and Compensated Absences

Capital leases will be paid from the General Fund and the Public Assistance, the Board of Mental Retardation and Developmental Disabilities, the Sheriff's Policing Rotary, and the Coordinated Transportation Special Revenue Funds.

Compensated absences will be paid from the following governmental and business-type funds:

General Fund
Dog and Kennel Special Revenue Fund
Juvenile Detention Center Special Revenue Fund
Public Assistance Special Revenue Fund
Real Estate Assessment Special Revenue Fund
Common Pleas Court Computer Special Revenue Fund
Probation Supervision Services Special Revenue Fund
Board of Mental Retardation and Developmental Disabilities Special Revenue Fund
T.B. Levy Special Revenue Fund
Emergency Management Assistance Special Revenue Fund
Children Services Special Revenue Fund
Revolving Loan Special Revenue Fund
Coordinated Transportation Special Revenue Fund
Engineer Special Revenue Fund
Recycling and Litter Prevention Special Revenue Fund
Inmate Improvement Special Revenue Fund
Drug Enforcement/Sheriff Special Revenue Fund
Sheriff's Policing Rotary Special Revenue Fund
Mediation Grant Special Revenue Fund
MVGT Special Revenue Fund
Jail Construction Capital Projects Fund
Sewer District Enterprise Fund

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 16 - LONG-TERM OBLIGATIONS (Continued)

The change in the County's Governmental Activities' long-term obligations during the year consisted of the following:

	Principal Outstanding at 12/31/2006	Additions	Deletions	Principal Outstanding at 12/31/2007	Due Within One Year
<i>Governmental Activities</i>					
<i>General Obligation Bonds</i>					
Airport Facilities Bond					
2001 7.00% - \$55,000	\$24,171	\$0	\$7,519	\$16,652	\$8,045
Shelton Industries Bonds					
1999 8.05% - \$2,870,000	2,535,000	0	65,000	2,470,000	65,000
Various Purpose Bonds					
2000 5.7% - \$1,940,000	655,000	0	155,000	500,000	160,000
Juvenile Detention Center Bonds					
2000 5.80% - \$1,820,000	400,000	0	70,000	330,000	75,000
Human Services Refunding Bonds					
2004 2.00 - 3.25% - \$2,050,000	1,340,000	0	255,000	1,085,000	260,000
Unamortized Loss	(31,405)	0	(6,281)	(25,124)	0
County Jail Bonds					
2004 2.00 - 5.00% - \$6,135,000	5,810,000	0	165,000	5,645,000	170,000
Premium on Jail Bonds	4,708	0	205	4,503	0
Various Purpose Refunding Bonds					
2006 2.00 - 4.00 - 4.25% - \$2,930,000	2,930,000	0	80,000	2,850,000	90,000
Unamortized Loss	(104,916)	0	(17,486)	(87,430)	0
Total General Obligation Bonds	13,562,558	0	773,957	12,788,601	828,045
<i>Bond Anticipation Notes</i>					
Airport Hangar Bond Anticipation Note					
November 14, 2006 - 4.25% - \$115,000	95,000	0	95,000	0	0
September 18, 2007 - 4.10% - \$95,000		75,000		75,000	
Commercial Property Acquisition					
Bond Anticipation Note					
September 20, 2006 - 3.80% - \$287,000	262,000	0	262,000	0	0
September 18, 2007 - 4.00% - \$262,000		237,000		237,000	
Various Purpose Bond					
Anticipation Note					
November 14, 2006 - 5.38% - \$500,000	475,000	0	475,000	0	0
September 18, 2007 - 6.25% - \$475,000		450,000		450,000	
911 Equipment Bond					
Anticipation Note					
November 30, 2006 - 4.00% \$144,000	144,000	0	144,000	0	0
Human Services Building Acquisition					
Bond Anticipation Note					
January 26, 2006 - 3.95% - \$210,000	210,000	0	210,000	0	0
Total Bond Anticipation Notes	1,186,000	762,000	1,186,000	762,000	0
<i>Other Long-Term Obligations</i>					
MRDD Loan					
1986 3.00% - \$150,000	46,827	0	7,040	39,787	7,287
State Infrastructure Bank Loan - Dixon Mill					
Road Bridge 2006 - 3.00%	1,281,360	94,715	1,376,075	0	0
State Infrastructure Bank Loan - Arion					
Road Bridge 2006 - 3.00%	27,600	1,167,040	919,000	275,640	0
Riverside Park Tractor Loan 2007 - 4.47%	0	20,566	2,477	18,089	3,861
Capital Leases Payable	3,076,429	336,684	444,204	2,968,909	529,572
Compensated Absences Payable	1,979,684	1,382,952	1,185,239	2,177,397	1,201,258
Total Other Long-Term Obligations	6,411,900	3,001,957	3,934,035	5,479,822	1,741,978
Total Governmental Activities	\$21,160,458	\$3,763,957	\$5,893,992	\$19,030,423	\$2,570,023

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 16 - LONG-TERM OBLIGATIONS (Continued)

The following is a summary of the County's future annual debt service requirements for Governmental Activities' long-term debt:

	General Obligation Bonds		MRDD Loan		Riverside Park Tractor Loan		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
	2008	\$828,045	\$624,247	\$7,287	\$1,257	\$3,861	\$751	\$839,193
2009	858,607	592,139	7,542	1,002	4,042	570	870,191	593,711
2010	895,000	557,200	7,806	738	4,232	380	907,038	558,318
2011	795,000	519,695	8,080	464	4,431	181	807,511	520,340
2012	515,000	487,011	8,363	184	1,523	15	524,886	487,210
2013-2017	2,880,000	2,067,012	709	0	0	0	2,880,709	2,067,012
2018-2022	2,900,000	1,341,047	0	0	0	0	2,900,000	1,341,047
2023-2027	2,465,000	565,324	0	0	0	0	2,465,000	565,324
2028-2031	760,000	57,500	0	0	0	0	760,000	57,500
Totals	<u>\$12,896,652</u>	<u>\$6,811,175</u>	<u>\$39,787</u>	<u>\$3,645</u>	<u>\$18,089</u>	<u>\$1,897</u>	<u>\$12,954,528</u>	<u>\$6,816,717</u>

The County's total legal debt margin was \$18,072,802 at December 31, 2007, with an unvoted debt margin of \$6,463,460 at December 31, 2007.

CONDUIT DEBT OBLIGATION

During 1985, the County, in conjunction with several other political subdivisions of Ohio, issued Revenue Bonds in the aggregate principal amount of \$72,000,000. The proceeds were used to fund the VHA Central Inc. Capital Asset Financing Program. The program provides financing for hospitals in Ohio to acquire equipment and other capital assets. The balance outstanding as of December 31, 2007, is \$32,400,000.

During 1991, the County issued Revenue Bonds in the aggregate principal amount of \$27,200,000 for The Norfolk Southern Corporation. The proceeds were used to refund bonds that had been used by Norfolk Southern Corporation to finance the construction of a coal distribution facility. The balance outstanding as of December 31, 2007, is \$7,418,181.

During 2001, the County issued Revenue Bonds in the aggregate principal amount of \$1,870,000 for the Shawnee Mental Health Center. The proceeds were used by the Shawnee Mental Health Center to construct a new facility. The balance outstanding as of December 31, 2007, is \$1,585,000.

During 2002, the County issued Revenue Bonds in the aggregate principal amount of \$1,330,000 for The Counseling Center, Inc. The proceeds were used by The Counseling Center, Inc. to renovate two of its facilities and to refinance an outstanding commercial loan that was used to acquire and renovate three of its facilities. The balance outstanding as of December 31, 2007, is \$985,000.

During 2006, the County issued Hospital Revenue Bonds in the aggregate principal amount of \$131,375,000 for the Southern Ohio Medical Center (SOMC). The proceeds were used by SOMC to construct a new addition to the Hospital Facility and related renovations. The bonds are to be repaid by the recipients of the proceeds and do not represent an obligation of the County. The balance outstanding as of December 31, 2007, is \$129,525,000.

NOTE 16 - LONG-TERM OBLIGATIONS (Continued)

Conduit debt bonds are to be repaid by the recipients of the proceeds and do not represent an obligation of the County. There has not been, and currently is not, any condition of default under the bonds or the related financing documents. The County is not obligated in any way to pay debt charges on the bonds from any of its funds, and therefore they have been excluded entirely from the County's debt presentation. Neither the full faith and credit or taxing power of the County is pledged to make repayment.

NOTE 17 - BOND ANTICIPATION NOTES PAYABLE

During 2007, the County paid \$20,000 of the outstanding \$115,000 Hanger Bond Anticipation Note and reissued \$95,000. On September 17, 2008, the County paid \$20,000 against the \$95,000 note and refinanced the remaining \$75,000 into a new note. Therefore, the \$95,000 liability outstanding at December 31, 2007 is split with \$75,000 presented as a long-term liability and \$20,000 presented as a fund liability in the financial statements.

During 2007, the County paid \$25,000 of the outstanding \$287,000 Commercial Property Acquisition Bond Anticipation Note and reissued \$262,000. On September 17, 2008, the County paid \$25,000 against the \$262,000 note and refinanced the remaining \$237,000 into a new note. Therefore, the \$262,000 liability outstanding at December 31, 2007 is split with \$237,000 presented as a long-term liability and \$25,000 presented as a fund liability in the financial statements.

During 2007, the County paid \$25,000 of the outstanding \$500,000 Various Purpose Bond Anticipation Note and reissued \$475,000. On September 17, 2008, the County paid \$25,000 against the \$475,000 note and refinanced the remaining \$450,000 into a new note. Therefore, the \$475,000 liability outstanding at December 31, 2007 is split with \$450,000 presented as a long-term liability and \$25,000 presented as a fund liability in the financial statements.

During 2007, the County retired the 911 Equipment Bond Anticipation Note in the amount of \$144,000. The note was paid from the Wireless 911 Government Assistance Special Revenue Fund.

During 2007, the County retired the Human Services Building Acquisition Bond Anticipation Note in the amount of \$210,000. The note was retired with proceeds from the 2006 Various Purpose General Obligation Bond Issue and was paid from the Human Services Building Note Debt Service Fund.

All bond anticipation notes are backed by the full faith and credit of the County.

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 17 - BOND ANTICIPATION NOTES PAYABLE (Continued)

<u>Types / Issues</u>	<u>Balance 12/31/06</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 12/31/07</u>
<u>Governmental Activities</u>				
Airport Hangar Bond Anticipation Note				
November 14, 2006 - 4.25% - \$115,000	\$20,000	\$0	\$20,000	\$0
September 18, 2007 - 4.10% - \$95,000	0	20,000	0	20,000
Commercial Property Acquisition				
Bond Anticipation Note				
September 20, 2006 - 3.80% - \$287,000	25,000	0	25,000	0
September 18, 2007 - 4.00% - \$262,000	0	25,000	0	25,000
Various Purpose Bond				
Anticipation Note				
November 14, 2006 - 6.25% \$500,000	25,000	0	25,000	0
September 18, 2007 - 6.25% \$475,000	0	25,000	0	25,000
Total Governmental Activities	<u>\$70,000</u>	<u>\$70,000</u>	<u>\$70,000</u>	<u>\$70,000</u>

The activity related to the long-term obligation portion of the bond anticipation notes is presented in Note 16.

NOTE 18 - INTERFUND ACTIVITY

Interfund balances at December 31, 2007, consist of the following individual fund receivables and payables:

		Receivables						
		Public		Motor Vehicle	Board of Mental	Children	Nonmajor	Total
		General	Assistance	Gas Tax	Retardation and Developmental Disabilities	Services	Governmental Funds	
Payables	General	\$0	\$31,689	\$0	\$2,066,950	\$0	\$500,000	\$2,598,639
	Public Assistance	8,917	0	0	0	0	44,253	53,170
	Nonmajor							
	Governmental Funds	94,685	17,404	154,600	15,680	413	0	282,782
Total		<u>\$103,602</u>	<u>\$49,093</u>	<u>\$154,600</u>	<u>\$2,082,630</u>	<u>\$413</u>	<u>\$544,253</u>	<u>\$2,934,591</u>

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 18 - INTERFUND ACTIVITY (Continued)

The General Fund advances are made to move unrestricted balances to support programs and projects accounted for in other funds. Advancing monies to other funds is necessary due to timing differences in the receiving of grant monies, for services performed for which payments are owed, or to cover a negative cash balance in another fund. The General Fund has outstanding payables to the Public Assistance Fund for services provided through various contracts existing with Public Assistance. The Motor Vehicle Gas Tax Fund advanced money to the Hayport Road Bridge Construction Nonmajor Fund. The Children Services Fund has outstanding payables to other Nonmajor Governmental Funds for services provided through various contracts existing with Children Services. The Public Assistance Fund has outstanding payables to the General Fund and other Nonmajor Governmental Funds for services provided through various contracts these departments have with Public Assistance. All advances will be reimbursed either when funds become available or when payments for services are rendered. The General Purpose Bond Fund advanced the General Fund \$500,000 which was used for general operating expenditures.

During 2007, the County had negative cash balances in the General Fund and other Nonmajor Governmental Funds due to the costs of the jail operation and court operation costs. The County made advances from the Board of Mental Retardation and Developmental Disabilities Fund in the amounts of \$2,066,950 and \$15,680, respectively, to eliminate the negative cash balances in the General Fund and other Nonmajor Governmental Funds.

Transfers made during the year ended December 31, 2007 were as follows:

		Transfers To					
Transfers From		General	Public Assistance	Motor Vehicle Gas Tax	Sewer	Nonmajor Governmental Funds	Total
	General		\$0	\$355,390	\$182,055	\$20,431	\$1,959,654
Nonmajor Governmental Funds		263,813	0	0	0	256,485	520,298
Total		<u>\$263,813</u>	<u>\$355,390</u>	<u>\$182,055</u>	<u>\$20,431</u>	<u>\$2,216,139</u>	<u>\$3,037,828</u>

Transfers were made to move unrestricted balances to support programs and projects accounted for in other funds. Monies were transferred from the General Fund and the Real Estate Assessment Fund to nonmajor debt service funds to make debt service payments.

NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS / JOINT VENTURE

ADAMS, LAWRENCE, SCIOTO ALCOHOL, DRUG ADDICTION, AND MENTAL HEALTH SERVICES BOARD

Scioto County is a member of the three-county Alcohol, Drug Addiction, and Mental Health Services Board (ADAMHS Board), which is a jointly governed organization between Adams, Lawrence, and Scioto Counties. The purpose of the ADAMHS Board is to provide aid, support and education for alcohol and drug dependent citizens as well as those who are mentally handicapped.

NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS / JOINT VENTURE (Continued)

The three-county ADAMHS Board is governed by a board consisting of 18 members. The breakdown is as follows: four members are appointed by the Ohio Director of Alcohol and Drug Addiction Services, four are appointed by the Ohio Director of Mental Health Services, four each are appointed by Scioto and Lawrence Counties and two are appointed by Adams County. The main sources of revenue for this board are grants from the two State departments. Outside agencies are contracted by the Board to provide service for the Board. Financial records are maintained by the Scioto County Auditor and Treasurer. Each county has a participation percent based upon the number of board members appointed. Scioto County appoints four members, which represents 40 percent of the total members appointed by the three counties. The ADAMHS Board received a contribution from the County of \$2,000 during 2007.

OHIO VALLEY RESOURCE CONSERVATION AND DEVELOPMENT AREA, INC.

The Ohio Valley Resource Conservation and Development Area, Inc. is a jointly governed organization that is operated as a non-profit corporation. The Ohio Valley Resource Conservation and Development Area, Inc. was created to aid regional planning to participating counties. Scioto County, along with Ross, Vinton, Highland, Brown, Adams, Pike, Jackson, Gallia, and Lawrence Counties each appoint three members to the thirty member Council. The Council selects an administrator to oversee operations. The Ohio Valley Resource Conservation and Development Area, Inc. received a contribution from the County of \$500 during 2007; other revenues are from USDA grants. Scioto County does not have any ongoing financial interest or responsibilities nor can it significantly influence management.

WORKFORCE INVESTMENT BOARD

The Workforce Investment Board is a jointly governed organization of representatives from the private and public sectors of Pike, Scioto, Adams, and Brown Counties appointed by the county commissioners from each county. The forty-eight member board includes twelve members from each participating county and includes fifty-one percent of its members from the private sector. The remaining members include individuals from education, one-stop partners, juvenile justice centers, labor organizations, local public housing and former participants. The Workforce Investment Board typically meets three to four times per year and is responsible for the five-year plan, selecting one-stop operators, selecting youth providers and coordinating all activities in association with Workforce Improvement Act funds. This board enables the participating counties to have more local control over the programs which they assist in overseeing. The Workforce Investment Board received no contributions from the County during 2007.

OHIO VALLEY REGIONAL DEVELOPMENT COMMISSION

The Ohio Valley Regional Development Commission is a jointly governed organization that serves a twelve county economic development planning district in southern Ohio. The commission was formed to favorably influence the future economic, physical and social development of Adams, Brown, Clermont, Fayette, Gallia, Highland, Jackson, Lawrence, Pike, Ross, Scioto, and Vinton Counties. Membership is comprised of elected and appointed county, municipal and township officials or their officially appointed designees, as well as members of the private sector, community action agencies and regional planning commissions. The commission is not dependent upon Scioto County for its existence.

NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS / JOINT VENTURE (Continued)

SCIOTO COUNTY COMMUNITY ACTION ORGANIZATION

The Scioto County Community Action Organization (CAO) is an IRS 502C3 non-profit organization established to plan, develop, and coordinate programs and services designed to combat problems of poverty and seek the elimination of the conditions of poverty that affect the residents of Scioto County. The CAO administers the Workforce Investment Act grant. The CAO Board is comprised of local public officials. The CAO controls its own operations and budget. In 2007, the County made no contributions to the CAO.

SOUTHERN OHIO DEVELOPMENT INITIATIVE

The Southern Ohio Development Initiative was created with assistance from the U.S. Department of Energy to assist in the development of industrial areas to offset the potential downsizing and privatization of the Uranium Enrichment Plant in Piketon, Ohio. It is a legally separate, not-for-profit corporation with representatives from each of the counties impacted by the events at the Piketon Plant. The counties involved in this initiative are Pike, Ross, Scioto and Jackson Counties. The County has no authority to impose its will on the organization nor is a burden/benefit relationship in existence. During 2007, the County made no payments nor received any monies from the Southern Ohio Development Initiative.

PORTSMOUTH METROPOLITAN HOUSING AUTHORITY

The Portsmouth Metropolitan Housing Authority (the Authority) is a political subdivision that consists of five members. One member is appointed by the probate court, one member by the court of common pleas, one member by the board of county commissioners, and two members by the chief executive officer of the City of Portsmouth. The County has no ability to impose its will on the organization nor is a burden/benefit relationship in existence. The Authority received no contributions from the County during 2007.

SOUTHERN OHIO COUNCIL OF GOVERNMENTS

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

JOINT SOLID WASTE DISTRICT

The County participates in a joint venture with Lawrence County, the Joint Solid Waste District (the District). The purpose of the District is to make disposal of waste in the two-county area more comprehensive in terms of recycling, incinerating, and land filling. Each of the governments supports the District and shares in an equal percentage of equity. The degree of control exercised by each participating County is limited to its representation on the Board. The Board of Directors consists of nine members, including one County Commissioner from each County. Maintenance of the financial records pertaining to the operation of the District rotates between the two counties every third year. Lawrence County maintained the records in 2007. Maintenance of the financial records pertaining to the operation of the District is performed by Lawrence County.

NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS / JOINT VENTURE (Continued)

The County has an investment that is explicit and measurable in that the joint venture agreement stipulates that the participants have a future claim to the net resources of the District upon its dissolution. The agreement also sets forth the method to determine each members' proportionate share.

The District is not accumulating significant financial resources and is not experiencing fiscal stress that may cause an additional financial benefit or burden on the members in the future. The County's investment interest in the District was \$118,121 as of December 31, 2007. Complete financial statements can be obtained from the Solid Waste District located at Veterans Square, 3rd Floor, Ironton, OH 45638.

NOTE 20 - RISK SHARING POOL / GROUP PURCHASING POOL

COUNTY RISK SHARING AUTHORITY, INC. (CORSA)

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

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of CORSA are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any time. Each member county's control over the budgetary and financing of CORSA is limited to its voting authority and any representative it may have on the board of trustees.

CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payments of the certificates. The County does not have an equity interest in CORSA. The County's payment for insurance to CORSA in 2007 was \$350,541.

Financial statements may be obtained by contacting the County Commissioners Association of Ohio in Columbus, Ohio.

NOTE 20 - RISK SHARING POOL / GROUP PURCHASING POOL (Continued)

COUNTY COMMISSIONERS' ASSOCIATION OF OHIO WORKERS' COMPENSATION GROUP RATING PLAN

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

NOTE 21 - RELATED ORGANIZATION

SOUTHERN OHIO PORT AUTHORITY

The Southern Ohio Port Authority (the Authority) is statutorily created as a separate and distinct political subdivision of the State. The Authority is governed by a nine member Board of Trustees appointed by the Scioto County Commissioners. The Trustees adopt their own appropriations, hire and fire their own staff, authorize the Authority's expenditures, and do not rely on the County to finance deficits.

NOTE 22 - CONTRACTUAL COMMITMENTS

As of December 31, 2007, the County had the following contractual purchase commitments for numerous projects:

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 22 - CONTRACTUAL COMMITMENTS (Continued)

<u>Project/Contractor</u>	<u>Contract Amount</u>	<u>Amount Expended</u>	<u>Balance at December 31, 2007</u>
<i>Energy Performance Rennovations</i>			
Ameresco, Inc.,	\$562,918	\$56,292	\$506,626
<i>Manufactured Home Valuation</i>			
Appraisal Research	8,509	7,245	1,264
<i>Consulting Services</i>			
Leighty and Snider	55,219	25,557	29,662
<i>Professional and Technical Assistance</i>			
Leighty and Snider	26,000	17,527	8,473
<i>CHIP Program Assistance</i>			
MultiCom, Inc.,	31,500	14,478	17,022
<i>Eden Park Sanitary Sewers</i>			
Woolpert, Inc.,	17,200	16,840	360
<i>Scioto County Pump Station and Manhole Improvements</i>			
Woolpert, Inc.,	157,305	110,080	47,225
<i>Scioto County Pump Station and Manhole Improvements</i>			
Southern Ohio Trenching & Excavating	904,359	0	904,359
Totals	<u>\$1,763,010</u>	<u>\$248,019</u>	<u>\$1,514,991</u>

NOTE 23 - CONTINGENT LIABILITIES

LITIGATION

The County is party to legal proceedings. However, no liability has been accrued since the ultimate disposition of these claims and legal proceedings has yet to be determined and the amount of liability, if any, is not measurable.

FEDERAL AND STATE GRANTS

For the period January 1, 2007, to December 31, 2007, the County received federal and State grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the County believes such disallowance, if any, would be immaterial.

NOTE 24 - RELATED PARTY TRANSACTIONS

STAR, Inc., a discretely presented component unit of Scioto County, received contributions from the County for facilities, salaries, and fringe benefits. These contributions are reflected as operating revenues and expenses at cost or fair value as applicable, in the financial statements of STAR, Inc. In 2007, these contributions were \$94,540.

NOTE 24 - RELATED PARTY TRANSACTIONS (Continued)

The Scioto County Airport Authority, a discretely presented component unit of Scioto County, received contributions from the County for facilities, salaries, and fringe benefits. These contributions are reflected as operating revenues and expenses at cost or fair value as applicable, in the financial statements of the Scioto County Airport Authority. In 2007, these contributions were \$59,899. During 2007, the County received a grant for capital improvements on behalf of the Scioto County Airport Authority. The County purchased the assets which were donated to the Airport Authority.

NOTE 25 - SUBSEQUENT EVENTS

In January 2008, the County received proceeds from a lease purchase agreement for energy saving renovations to the Children's Services facilities.

On September 17, 2008, the County reissued the Hanger Bond Anticipation Note in the amount of \$75,000 at a rate of 2.50 percent. The note will mature on September 1, 2009.

On September 17, 2008, the County reissued the Commercial Property Acquisition Bond Anticipation Note in the amount of \$237,000 at a rate of 5.00 percent. The note will mature on September 17, 2009.

On September 17, 2008, the County reissued the Various Purpose Bond Anticipation Note in the amount of \$450,000 at a rate of 5.00 percent. The note will mature on September 17, 2009.

During September 2008, the County Engineers' Association County repaid the loan on behalf of the County for the loan issued through the Ohio Department of Transportation State Infrastructure Bank for the construction of a bridge replacement on Arion Road. The final amount of the loan was \$1,206,286.

NOTE 26 - RESTATEMENT OF PRIOR YEAR FUND EQUITY

For 2007, the County reported governmental activity infrastructure that had been acquired before 2002 for the first time. Also, there was a change made due to a capital lease transaction, as well as a change to Sales Tax. These changes resulted in the following change to net assets of Governmental Activities:

	<u>Governmental Activities</u>
Net Assets	
December 31, 2006	\$47,466,890
Adjustments to Net Assets	<u>28,071,224</u>
Adjusted Net Assets, December 31, 2006	<u><u>\$75,538,114</u></u>

For 2007, there were changes made to cash resulting from a lease purchase transaction that resulted in changes to the fund balances of the following funds:

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 26 - RESTATEMENT OF PRIOR YEAR FUND EQUITY (Continued)

	General Fund	Public Assistance Fund
Fund Balance		
December 31, 2006	\$32,315	\$429,004
Adjustments to Fund Balance	21,198	11,415
Adjusted Fund Balance, December 31, 2006	\$53,513	\$440,419

NOTE 27 - FINANCIAL CONDITION

During 2007, the County had a negative cash balance in the General Fund. This was due to the cost of operating the jail, which is mainly supported with General Fund monies. The County made an advance from the Board of Mental Retardation and Developmental Disabilities Fund in the amount of \$2,066,950 to eliminate the negative cash balance in the General Fund.

NOTE 28 - DISCRETELY PRESENTED COMPONENT UNITS

STAR, INC.

As indicated in Note 1 to the Basic Financial Statements, the following disclosures are made on behalf of STAR, Inc.:

Summary of Significant Accounting Policies - STAR, Inc. was incorporated as a not-for-profit organization under the laws of the State of Ohio. STAR, Inc. provides services to individuals with disabilities living in Southwestern Ohio. STAR, Inc. considers the Scioto County Board of MRDD a primary partner in providing services to individuals with mental retardation and developmental disabilities in Scioto County.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and reported amounts of the revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Budgetary Basis of Accounting - Budgetary information for the discretely presented component unit is not presented because it is not included in the entity for which the “appropriated budget” is adopted and does not maintain separate budgetary financial records.

Accounts Receivable - Accounts receivable represents charges for services from companies and are considered fully collectable.

Capital Assets - A summary of STAR, Inc.’s capital assets at December 31, 2007, follows:

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 28 - DISCRETELY PRESENTED COMPONENT UNITS (Continued)

STAR, INC. (Continued)

Machinery and Equipment	\$233,333
Less: Accumulated Depreciation	<u>(192,446)</u>
Total Capital Assets (net)	<u><u>\$40,887</u></u>

Capital assets are depreciated on a straight-line basis using an estimated useful life of 3 to 10 years for STAR, Inc.'s equipment.

Capital Lease - The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2007:

Year Ending December 31,	
2008	\$4,596
2009	4,596
2010	<u>4,172</u>
Total	<u>13,364</u>
Less: Amount Representing Interest	<u>(1,304)</u>
Present Value of Net Minimum Lease Payments	<u><u>\$12,060</u></u>

SCIOTO COUNTY AIRPORT AUTHORITY

As indicated in Note 1 to the Basic Financial Statements, the following disclosures are made on behalf of the Scioto County Airport Authority:

Measurement Focus and Basis of Accounting - The Scioto County Airport Authority is accounted for like enterprise funds using the full accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Budgetary Basis of Accounting - Budgetary information for the discretely presented component unit is not presented because it is not included in the entity for which the "appropriated budget" is adopted and does not maintain separate budgetary financial records.

Due from Other Governments - Due from other governments represents intergovernmental revenue to be received from the FAA for improvements to the airport runways.

Capital Assets - A summary of the Scioto County Airport Authority's capital assets at December 31, 2007, follows:

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 28 - DISCRETELY PRESENTED COMPONENT UNITS (Continued)

SCIOTO COUNTY AIRPORT AUTHORITY (Continued)

Land	\$365,737
Construction in Progress	41,394
Buildings	1,600,224
Machinery and Equipment	105,092
Vehicles	95,500
Infrastructure	761,154
Less: Accumulated Depreciation	<u>(757,972)</u>
Total Capital Assets (net)	<u><u>\$2,211,129</u></u>

Due to Primary Government - These are amounts due to the Primary Government for the payment of the Airport Facilities Bond and the Airport Hanger Bond Anticipation Note. The following amounts are still owed to the Primary Government as of year-end:

Airport Hanger Bond Anticipation	
Note - 2007 4.10%	\$95,000
Airport Facilities Bonds	
2001 7.00% - \$55,000	<u>16,652</u>
Total Payable to Primary Government	<u><u>\$111,652</u></u>

SCIOTO COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2007

FEDERAL GRANTOR/Pass Through Grantor/Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>UNITED STATES DEPARTMENT OF AGRICULTURE</u>			
<i>Passed through Ohio Department of Education</i>			
Nutrition Cluster:			
School Breakfast Program	142612-05PU-2006	10.553	\$4,302
	142612-05PU-2007		<u>4,056</u>
Total School Breakfast Program			8,358
National School Lunch Program	142612-LLP4-2006	10.555	6,677
	142612-LLP4-2007		<u>7,433</u>
Total National School Lunch Program			<u>14,110</u>
Total Nutrition Cluster			22,468
<i>Direct from the United States Department of Agriculture</i>			
Water and Waste Disposal Systems for Rural Communities - grant	N/A	10.760	<u>15,440</u>
TOTAL UNITED STATES DEPARTMENT OF AGRICULTURE			37,908
<u>UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
<i>Passed through Ohio Department of Development</i>			
Community Development Block Grants/State's Program	B-P-06-068-1	14.228	66,725
	B-C-06-068-1		66,109
	B-F-06-068-1		222,223
	B-F-04-068-1		44,506
	B-F-07-068-1		9,399
	B-W-06-068-1		6,488
	B-F-05-068-1		16,658
	B-W-02-068-1		38,242
Revolving Loan			<u>10,000</u>
Total Community Development Block Grants/State's Program			480,350
Home Investment Partnerships Program	B-C-04-068-2	14.239	<u>236,418</u>
TOTAL UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			716,768
<u>UNITED STATES DEPARTMENT OF JUSTICE</u>			
<i>Passed through the Ohio Department of Youth Services</i>			
Title V Delinquency Prevention Program	2004-JV-T50-5120	16.548	10,379
	2005-JV-T50-5120		19,978
	2006-JV-050-5120		<u>18,192</u>
Total Title V Delinquency Prevention Program			48,549
<i>Passed through the Office of the Ohio Attorney General</i>			
Crime Victim Assistance	2007VACHAE760	16.575	14,574
	2008VACHAE760		<u>3,091</u>
Total Crime Victim Assistance			17,665
<i>Passed through the National CASA</i>			
Victims of Child Abuse	OH11162-07-0707NI	16.547	5,383
<i>Direct from the United States Department of Justice</i>			
Edward Byrne Memorial Formula Assistance Grant Program	06-LE-11091400-013	16.579	2,250
<i>Passed through the City of Portsmouth , Ohio</i>			
Edward Byrne Memorial Justice Assistance Grant Program	2006-F1945-OH-DJ	16.738	<u>5,711</u>
TOTAL UNITED STATES DEPARTMENT OF JUSTICE			79,558
<u>UNITED STATES DEPARTMENT OF TRANSPORTATION</u>			
<i>Direct from the United States Federal Aviation Administration</i>			
Airport Improvement Program	3-39-0051-1007	20.106	148,572
	3-39-0069-1007		6,049
	3-39-0069-0805		1,620
	3-39-0069-0906		<u>7,844</u>
Total Airport Improvement Program			164,085
<i>Passed Through Ohio Department of Transportation</i>			
Highway Planning and Construction Cluster:			
Highway Planning and Construction - Grant	82903	20.205	67,770
Highway Planning and Construction - Loan	82034		127,281
Highway Planning and Construction - Loan	76170		<u>929,632</u>
Total Highway Planning and Construction			1,124,683
Appalachian Development Highway System	OH-15318-2006-I-201b	23.003	<u>144,500</u>
Total Highway Planning and Construction Cluster			1,269,183

SCIOTO COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2007

FEDERAL GRANTOR/Pass Through Grantor/Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>UNITED STATES DEPARTMENT OF TRANSPORTATION (Continued)</u>			
Formula Grants for Other Than Urbanized Areas	RPT-4073-025-071 RPT-0073-026-072	20.509	351,853 <u>187,425</u>
Total Formula Grants for Other Than Urbanized Areas			<u>539,278</u>
Total Passed Through Ohio Department of Transportation			1,808,461
Passed Through Ohio Department of Public Safety - Governor's Highway Safety Office State and Community Highway Safety	HVEO-2007-73-00-00-00693-00	20.600	23,166
Passed Through Ohio Environmental Protection Agency Interagency Hazardous Materials Public Sector Training and Planning Grants	HMEP 14th Year HMEP 13th Year	20.703	5,026 <u>2,007</u>
Total Interagency Hazardous Materials Public Sector Training and Planning Grants			<u>7,033</u>
TOTAL UNITED STATES DEPARTMENT OF TRANSPORTATION			2,002,745
<u>APPALACHIAN REGIONAL COMMISSION</u>			
Direct from the United States Department of Agriculture Appalachian Area Development	OH-14192-02	23.002	<u>53,973</u>
TOTAL APPALACHIAN REGIONAL COMMISSION			53,973
<u>UNITED STATES DEPARTMENT OF HOMELAND SECURITY</u>			
Passed through Ohio Emergency Management Agency State Domestic Preparedness Equipment Support Program			
Emergency Management Performance Grants	2006-EME60042 2007-EM-E7-0024	97.042	5,715 <u>29,266</u> 34,981
Homeland Security Grant Program	See Note F	97.067	<u>57,030</u>
TOTAL UNITED STATES DEPARTMENT OF HOMELAND SECURITY			92,011
<u>UNITED STATES DEPARTMENT OF EDUCATION</u>			
Passed through Ohio Department of Education Special Education Cluster: Special Education_Grants to States	078063-6BSF-2007 078063-6BSF-2008	84.027	51,821 <u>34,725</u>
Total Special Education_Grants to States			86,546
Special Education_Preschool Grants	078063-PGS1-2007 078063-PGS1-2008	84.173	8,678 <u>5,844</u>
Total Special Education_Preschool Grants			<u>14,522</u>
Total Special Education Cluster			101,068
State Grants for Innovative Programs	078063-C2S1-2007 078063-C2S1-2008	84.298	136 <u>71</u>
Total State Grants for Innovative Programs			<u>207</u>
Total Passed through Ohio Department of Education			101,275

**SCIOTO COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2007**

FEDERAL GRANTOR/Pass Through Grantor/Program Title	<u>Pass Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Disbursements</u>
<u>UNITED STATES DEPARTMENT OF EDUCATION (Continued)</u>			
<i>Passed through Ohio Department of Health</i>			
Special Education_Grants for Infants and Families with Disabilities	73-6-002-1-DE-07	84.181	<u>63,813</u>
Total Special Education_Grants for Infants and Families with Disabilities			63,813
<i>Passed through Scioto County Family and Children First Council</i>			
Special Education_Grants for Infants and Families with Disabilities	73-5-001-1-EG-07 73-5-001-1-EG-08	84.181	<u>41,967</u> <u>52,213</u>
Total Special Education_Grants for Infants and Families with Disabilities:			<u>94,180</u>
TOTAL UNITED STATES DEPARTMENT OF EDUCATION			259,268
<u>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
<i>Passed through Ohio CASA/GAL Association</i>			
State Court Improvement Program	N/A	93.586	26,263
<i>Passed through Ohio Developmental Disabilities Council</i>			
Developmental Disabilities Basic Support and Advocacy Grants	04-3/07	93.630	70,693
<i>Passed through State Department of Mental Retardation and Developmental Disabilities</i>			
Social Services Block Grant - Title XX	06-07 07-08	93.667	<u>32,296</u> <u>32,843</u>
Total Social Services Block Grant			65,139
State Children's Insurance Program (SCHIP) - Title XXI:			
Medical Assistance Program - Title XIX			
Targeted Case Management (TCM)	N/A	93.778	136,499
Individual Options (IO) / Level 1 (L1) Waiver	N/A		277,784
Waiver Administrative Claiming Program (WAC)	N/A		<u>53,612</u>
Total Medical Assistance Program (Title XIX)			<u>467,895</u>
<i>Total Passed through State Department of Mental Retardation and Development Disabilities</i>			<u>533,034</u>
TOTAL UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>629,990</u>
TOTAL FEDERAL AWARDS EXPENDITURES			<u><u>\$3,872,221</u></u>

SCIOTO COUNTY

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2007**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

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

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

These loans are collateralized by mortgages on the property and by equipment. At December 31, 2007, the gross amount of loans outstanding under this program was \$669,846. Total amounts written off are \$615,857.

NOTE D - MATCHING REQUIREMENTS

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

NOTE E - HIGHWAY PLANNING AND CONSTRUCTION CLUSTER

The County reported the Highway Planning and Construction Grant (CFDA 20.205) and the Appalachian Development Highway System Grant (CFDA 23.003) in the Highway Planning and Construction Grant Cluster on the Schedule of Federal Awards Expenditures. The Appalachian Development Highway System Grant was granted through the Appalachian Region Commission. The Highway Planning and Construction Grant was granted through the U.S. Department of Transportation.

NOTE F - HOMELAND SECURITY CLUSTER

The county reported the following federal programs for the Homeland Security Grant Program on the Federal Awards Expenditure Schedule. Several programs for federal fiscal year 2005 were incorporated into the Homeland Security Grant Program (CFDA 97.067) in accordance with guidance from the U.S. Department of Homeland Security.

CFDA #	Program	Pass Through Entity Number	Amount
97.053	Citizens Corps	2006-GC-T6-0051	\$ 8,170
97.073	State Homeland Security Program	2006-GE-T6-0051	<u>48,860</u>
97.067	Total Homeland Security Grant Program		<u>\$ 57,030</u>



Mary Taylor, CPA

Auditor of State

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

Scioto County
602 Seventh Street
Portsmouth, Ohio 45662

To the Board of County Commissioners:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of Scioto County, Ohio (the County), as of and for the year ended December 31, 2007, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 4, 2009 wherein we noted the County had a negative cash balance in the General Fund due to the cost of operating the jail. 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 expressing our opinions on the financial statements, but not to opine on the effectiveness of the County's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the County's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the County's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider finding 2007-001 described in the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the County's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the significant deficiency described above is not a material weakness.

We also noted certain internal control matters that we reported to the County's management in a separate letter dated March 4, 2009.

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 that we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings and Questioned Costs as items 2007-001 through 2007-004.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the County's management in a separate letter dated March 4, 2009.

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 Board of County Commissioners, federal awarding agencies, and pass through entities. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

March 4, 2009



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

Scioto County
602 Seventh Street
Portsmouth, Ohio 45631

To the Board of County Commissioners:

Compliance

We have audited the compliance of Scioto County, Ohio (the County), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the year ended December 31, 2007. 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 contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

As described in findings 2007-005 and 2007-006 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with requirements regarding Cash Management and Reporting applying to its Community Development Block Grants/State's Program CFDA # 14.228. Compliance with these requirements is necessary, in our opinion, for the County to comply with requirements applicable to this program.

In our opinion, except for the noncompliance described in the preceding paragraph, Scioto County, Ohio, 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, 2007.

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 expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to administer a federal program such that there is more than a remote likelihood that the County's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as findings 2007-005 and 2007-006 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that the County's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements. Of the significant deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs, we consider finding 2007-006 to be a material weakness.

The County's responses to the findings we identified 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 Board of County 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

March 4, 2009

SCIOTO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2007

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 other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness reported for major federal programs?	Yes
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	Yes
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Qualified
(d)(1)(vi)	Are there any reportable findings under § .510?	Yes
(d)(1)(vii)	Major Programs (list):	Community Development Block Grants/State's Program CFDA # 14.228 Formula Grant for Other Than Urbanized Areas (Rural Transit Program) CFDA # 20.509 Highway Planning and Construction Cluster CFDA #20.205 and #23.003
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

SCIOTO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2007
(Continued)

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

FINDING NUMBER 2007-001

Finding for Adjustment/Significant Deficiency – Not Adjusted from Previous Audit

Ohio Rev. Code Section 133.22 (A)(1)(a) provides that the taxing authority of a subdivision having legal authority and desiring to issue anticipatory securities that are Chapter 133 securities may pass legislation, and if anticipatory securities are outstanding and are to be paid in whole or in part at their maturity from the proceeds of renewal anticipatory securities, the taxing authority shall pass legislation that, with respect to the bonds anticipated, declares the necessity of the bond issue and states its purpose, which shall be for one purpose, and the principal amount or maximum principal amount of the bonds and an estimated principal payment schedule for and an estimated or maximum average annual interest rate on the bonds. Ohio Rev. Code Section 133.22 (A)(2)(a) requires the legislation, with respect to anticipatory securities, to state the principal amount or maximum principal amount of the anticipatory securities to be issued and outstanding, not to exceed the amount of the bond issue.

Ohio Rev. Code Section 133.22 (A)(2)(b) requires the legislation, with respect to anticipatory securities, to provide for, or provide for the method for from time to time establishing or determining, the rate or rates of interest or the maximum rate or rates of interest to be paid on the anticipatory securities, the date or dates of the anticipatory securities, and the maturity or maturities or the maximum maturity of the anticipatory securities.

On October 5, 2006, the County Commissioners adopted a resolution authorizing the renewal of a \$500,000 Various Purpose Bond Anticipation Note. Originally, the \$500,000 was to be used for capital improvements in the Recorders Office and Job and Family Services Offices. However, payments for these projects were paid from the Recorder's Special Fund (237) and the Job and Family Services Fund (218) which meant that the \$500,000 that had been placed in the General Fund was used to pay for routine operating expenses. Renewal of this debt shows that short term expenses were financed by this Bond Anticipation Note. This is a violation of Ohio Rev. Code Section 133.22 (A)(1)(a) which requires the bond to have one purpose and not to be used for general operating expenses.

Due to the financial condition discussed in Note 27 to the basic financial statements, this adjustment has not been posted by the County to its cash basis financial statements. This item has been posted to the County's basic financial statements as a payable in the General Purpose Bond Retirement Fund (413) and an interfund payable from the General Fund to the General Purpose Bond Retirement Fund (413). On September 19, 2007, the County paid \$25,000 against the \$500,000 note and refinanced the remaining \$475,000 into a new note. On September 17, 2008, the County paid \$25,000 against the \$475,000 note and refinanced the remaining \$450,000 into a new note.

As a result, a Finding for Adjustment is hereby issued against the General Fund in the amount of \$450,000 and in favor of the General Purpose Bond Fund (Fund 413).

We recommend the Scioto County Commissioners not issue Bond Anticipation Notes to finance short term cash shortages. In addition, we also recommend that the Bond Anticipation Notes be monitored to ensure they are used only for the purposes stated in the authorizing legislation.

Officials' Response

The recommendation is accepted as stated. Recommended transfer to General Fund when funds are available.

SCIOTO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2007
(Continued)

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

FINDING NUMBER 2007-002

Noncompliance Citation

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

Auditor of State Bulletin 97-003 states that inter-fund cash advances may be a desirable method of resolving cash flow problems without the necessity of incurring additional interest expense for short-term loans and to provide the necessary "seed" for grants that are allocated on a reimbursement basis. The intent for cash advances is to require repayment within the current or succeeding year. Inter-fund cash advances are subject to the following requirements:

- 1) Any advance must be clearly labeled as such, and must be distinguished from a transfer. Transfers are intended to reallocate money permanently from one fund to another and may be made only as authorized in Sections 5705.14 to 5705.16 of the Revised Code. Advances, on the other hand, temporarily reallocate cash from one fund to another and involve an expectation of repayment;
- 2) In order to advance cash from one fund to another, there must be statutory authority to use the money in the fund advancing the cash (the "creditor" fund) for the same purpose for which the fund receiving the cash (the "debtor" fund) was established;
- 3) The reimbursement from the debtor fund to the creditor fund must not violate any restrictions on use of the money to be used to make the reimbursement; and
- 4) Advances must be approved by a formal resolution of the taxing authority of the subdivision which must include:
 - a. A specific statement that the transaction is an advance of cash, and
 - b. An indication of the money (fund) from which it is expected that repayment will be made.

The following funds were noted to have negative fund balances at the dates indicated:

<u>Date</u>	<u>Fund</u>	<u>Amount</u>
June 30, 2007	Fund 223 – Juvenile Detention	(\$40,596)
June 30, 2007	Fund 250 – Sheriff’s Office Jail Operations Fund	(\$2,564,722)
June 30, 2007	Fund 349 – Mediation Grant	(\$15,822)
September 30, 2007	Fund 223 – Juvenile Detention	(\$216,334)
September 30, 2007	Fund 250 – Sheriff’s Office Jail Operations Fund	(\$2,689,463)
September 30, 2007	Fund 316 – Intensive Supervision	(\$16,345)
September 30, 2007	Fund 349 – Mediation Grant	(\$51,693)
December 31, 2007	Fund 250 – Sheriff’s Office Jail Operations Fund	(\$2,803,807)
December 31, 2007	Fund 349 – Mediation Grant	(\$15,679)

SCIOTO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2007
(Continued)

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

FINDING NUMBER 2007-002 (Continued)

Noncompliance Citation - Ohio Rev. Code Section 5705.10(H) (Continued)

Fund 250 was established to separately track jail operations. However, for legal and reporting purposes, it is included with the General Fund. Combining Fund 250 with the General Fund on a cash basis results in a negative fund balance of (\$2,212,378) at December 31, 2007.

We recommend the County Auditor monitor to ensure that money from one fund is not used to cover the expenses of another fund. We further recommend the use of cash advances to cover negative fund balances for temporary cash flow problems.

Officials' Response

The issues with Funds 250, 316, and 349 were corrected for 2008. The County continues its effort to correct the issue with Fund 223.

FINDING NUMBER 2007-003

Noncompliance Citation

Ohio Rev. Code Section 5705.36(A)(2) states that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be greater or less than the amount included in an official certificate, the fiscal officer may certify the amount of the deficiency or excess to the commission, and if the commission determines that the fiscal officer's certification is reasonable, the commission shall certify an amended official certificate reflecting the deficiency or excess.

Ohio Rev. Code Section 5705.36(A)(4) states that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency.

On March 9, 2006 the Board of Scioto County Commissioners approved establishment of Fund 250 - Scioto County Sheriff's Office and Jail Fund in order to separately track revenues and expenses for the Sheriff's office since they moved into the new jail facility. Budgeted revenues were set at \$4,400,877 on January 10, 2007 and appropriations were approved for 2007 at \$4,200,799 on December 21, 2006. Actual revenues for 2007 were \$3,395,365 or 77% of original budgeted revenues.

A reduced amended certificate should have been obtained and appropriations reduced when it was evident that budgeted revenue and appropriations were overstated. As documented in Finding Number 2007-002, Fund 250 had a negative cash balance of (\$2,803,807) at December 31, 2007. Fund 250 is combined with the General Fund for legal and reporting purposes. These funds had a combined negative fund balance of (\$2,212,378) at December 31, 2007.

We recommend a reduced amended certificate be obtained when the revenue to be collected will be less than the amount in the official certificate of estimated resources and the amount of the deficiency will reduce available resources below the current level of appropriation.

SCIOTO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2007
(Continued)

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

FINDING NUMBER 2007-003 (Continued)

Noncompliance Citation - Ohio Rev. Code Section 5705.36(A)(2)(Continued)

Officials' Response

Fund 250 has now been combined with the General Fund. Revenue for all funds will be monitored more closely in the future.

FINDING NUMBER 2007-004

Noncompliance Citation

Ohio Rev. Code Section 5705.41 (B) provides, in part, that no subdivision or taxing unit is to expend money unless it has been appropriated.

Budgetary expenditures exceeded appropriations at the legal level of control in sixteen line items at March 31, 2007, twenty-eight line items at June 30, 2007, forty-eight line items at October 31, 2007 and seven line items at December 31, 2007. The line items with variances greater than \$4,000 are shown below.

Date	Fund	Appropriations	Budgetary Expenditures	Variance
March 31, 2007	349-1245-5101	\$0	\$25,648	(\$25,648)
March 31, 2007	502-1301-5101	\$4,361	\$15,984	(\$11,623)
June 30, 2007	209-1401-5130	\$3,075	\$7,750	(\$4,675)
June 30, 2007	228-1880-5140	\$8,000	\$18,409	(\$10,409)
June 30, 2007	231-1780-5140	\$115,000	\$121,419	(\$6,419)
June 30, 2007	244-1966-5140	\$7,000	\$19,542	(\$12,542)
June 30, 2007	250-1965-5140	\$0	\$12,209	(\$12,209)
June 30, 2007	250-1968-5140	\$0	\$29,770	(\$29,770)
June 30, 2007	250-1969-5140	\$0	\$24,751	(\$24,751)
June 30, 2007	304-2110-5140	\$3,825	\$10,738	(\$6,913)
June 30, 2007	346-1518-5640	\$0	\$7,736	(\$7,736)
October 31, 2007	101-1243-5101	\$133,642	\$170,124	(\$36,482)
October 31, 2007	101-1245-5101	\$133,642	\$176,039	(\$42,397)
October 31, 2007	101-1946-5101	\$36,050	\$58,717	(\$22,667)
October 31, 2007	101-1946-5120	\$4,939	\$10,640	(\$5,701)
October 31, 2007	101-1952-5101	\$159,728	\$164,268	(\$4,540)
October 31, 2007	207-1712-5130	\$30,000	\$39,097	(\$9,097)
October 31, 2007	223-1953-5120	\$641,690	\$653,583	(\$11,893)
October 31, 2007	223-1953-5130	\$103,472	\$138,061	(\$34,589)
October 31, 2007	250-1965-5130	\$88,629	\$101,223	(\$12,594)
October 31, 2007	250-1969-5101	\$725,249	\$748,048	(\$22,799)
October 31, 2007	258-1965-5820	\$0	\$145,092	(\$145,092)
October 31, 2007	346-1518-5640	\$0	\$7,736	(\$7,736)
October 31, 2007	402-1686-5710	\$15,000	\$20,000	(\$5,000)

SCIOTO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2007
(Continued)

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

FINDING NUMBER 2007-004 (Continued)

Noncompliance Citation - Ohio Rev. Code Section 5705.41 (B) (Continued)

December 31, 2007	250-1965-5130	\$105,173	\$117,042	(\$11,869)
December 31, 2007	250-1968-5101	\$959,313	\$1,050,455	(\$91,142)
December 31, 2007	250-1968-5120	\$139,733	\$171,729	(\$31,996)
December 31, 2007	250-1968-5130	\$234,907	\$313,934	(\$79,027)
December 31, 2007	250-1969-5101	\$734,743	\$866,803	(\$132,060)
December 31, 2007	250-1969-5120	\$116,305	\$137,049	(\$20,744)
December 31, 2007	250-1969-5130	\$210,689	\$301,909	(\$91,220)

Budgetary expenditures exceeded appropriations at the fund level at December 31, 2007 as follows:

Date	Fund	Appropriations	Budgetary Expenditures	Variance
December 31, 2007	250	\$4,200,799	\$4,658,857	(\$458,058)

Fund 250 was established to separately track jail operations. However, for legal and reporting purposes, it is included with the General Fund. Combining Fund 250 with the General Fund on a cash basis results in budgetary expenditures in the total amount of \$20,024,690 exceeding total appropriations of \$19,601,980 by \$422,710 at December 31, 2007.

We recommend the County Auditor monitor total expenditures at the legal level of control for each fund throughout the year to ensure that expenditures do not exceed appropriations.

Officials' Response

The instances of expenditures exceeding appropriations at the legal level of control were reduced significantly in 2008. Departments were notified that no expenditure would be processed unless sufficient appropriations were in place at the time the expenditure was presented for payment. However, difficulties are often encountered with expenses such as PERS, Health Insurance, Worker's Compensation, etc., which become an obligation of the County when the corresponding salaries are paid. The Auditor's Office continues its effort to correct this issue.

SCIOTO COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OMB CIRCULAR A -133 § .505

DECEMBER 31, 2007

(Continued)

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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Finding Number	2007-005
CFDA Title and Number	Community Development Block Grants/State's Program CFDA # 14.228
Federal Award Number / Year	B-W-06-068-1, B-C-06-068-1, B-P-06-068-1, B-F-06-068-1, and B-F-05-068-1
Federal Agency	United States Department of Housing and Urban Development
Pass-Through Agency	Ohio Department of Development

Noncompliance Citation and Significant Deficiency – Cash Management

According to the *State of Ohio Department of Development, Office of Housing and Community Partnership Financial Management Rules and Regulations Handbook, Section (A)(3)(f)*, the grantee must develop a cash management system to ensure compliance with the Fifteen Day Rule relating to prompt disbursement of funds. This rule states that fund draw downs should be limited to amounts that will enable the grantee to disburse the funds on hand to a balance of less than \$5,000 within fifteen days of receipt of any funds. Lump sum draw downs are not permitted.

The following funds were drawn down but were not disbursed to a balance of less than \$5,000 within fifteen days of receipt:

From Grant B-W-06-068-1:

Draw number 266 dated October 25, 2007 was requested in the amount of \$490,000 for water facility improvements. The County received the funding on November 30, 2007; however, there were no disbursements during the 15 day period. Therefore, the money was not expended within fifteen days of receipt as required, and the balance exceeded \$5,000 until March 5, 2008.

From Grant B-C-06-068-1:

Draw number 258 dated March 6, 2007 was requested in the amount of \$5,000 for general administration, which was received by the County on April 23, 2007. There were no disbursements relating to this drawdown during the 15 day period; therefore, the money was not expended within fifteen days of receipt as required, and the balance equaled \$5,000 until June 15, 2007.

Additionally, draw numbers 253 and 255 dated January 30 and March 6, 2007, respectively were requested in the amounts of \$27,100 and \$18,449, respectively for home repair. The County received the funding on February 23 and April 23, 2007, respectively; however, disbursements during the 15 day period totaled \$17,903, leaving \$9,197 not disbursed within fifteen days for draw number 253 and no money was expended within fifteen days of receipt for draw number 255. Therefore, money was not expended within fifteen days of receipt as required, and the balance exceeded \$5,000 until May 18, 2007 for both draw numbers.

Lastly, draw number 263 dated May 31, 2007 was requested in the amount of \$5,495 for home repair. The County received the funding on June 12, 2007; however, there were no disbursements during the 15 day period. Therefore, the money was not expended within fifteen days of receipt as required, and the balance exceeded \$5,000 until December 5, 2007.

SCIOTO COUNTY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2007
(Continued)**

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)
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Finding Number	2007-005 (Continued)
CFDA Title and Number	Community Development Block Grants/State's Program CFDA # 14.228
Federal Award Number / Year	B-W-06-068-1, B-C-06-068-1, B-P-06-068-1, B-F-06-068-1, and B-F-05-068-1
Federal Agency	United States Department of Housing and Urban Development
Pass-Through Agency	Ohio Department of Development

Noncompliance Citation and Significant Deficiency – Cash Management (Continued)

From Grant B-P-06-068-1:

Draw number 3 dated May 25, 2007 was requested in the amount of \$24,600 for professional fees. The County received the funding on May 31, 2007; however, disbursements during the 15 day period totaled \$13,720, leaving \$10,880 not disbursed within fifteen days. Therefore, money was not expended within fifteen days of receipt as required, and the balance exceeded \$5,000 until July 27, 2007.

From Grant B-F-06-068-1:

Draw number 247 was requested on December 7, 2006 in the amount of \$6,500 for general administration fees. There were no disbursements within the 15 day period. Therefore, the money was not expended within fifteen days of receipt as required, and the balance exceeded \$5,000 until January 8, 2007. In addition, draw number 254 dated February 21, 2007 requested for \$7,500 was received on March 19, 2007 for general administration. There were no disbursements during the 15 day period; therefore, the money was not expended within fifteen days of receipt as required, and the balance exceeded \$5,000 until May 16, 2007.

Draw number 263 was requested on May 31, 2007 and received on June 22, 2007. This draw number applies to several different activities and amounts as follows:

- \$39,000 was received for Jefferson Township; however, there were no disbursements within the 15 day period. Therefore, the money was not expended within fifteen days of receipt as required, and the balance exceeded \$5,000 until September 25, 2007.
- \$15,000 applied to Madison Township; however, disbursements during the 15 day period totaled \$6,700, leaving \$8,300 not disbursed within fifteen days. Therefore, money was not expended within fifteen days of receipt as required and the balance exceeded \$5,000 until July 24, 2007.
- \$7,300 applied to PIDC; however, there were no disbursements within the 15 day period. Therefore, the money was not expended within fifteen days of receipt as required, and the balance exceeded \$5,000 until December 5, 2007.
- \$54,900 applied to the Portsmouth Sewer Facility Improvement; however, again, were no disbursements within the 15 day period. Therefore, the money was not expended within fifteen days of receipt as required, and the balance exceeded \$5,000 until August 28, 2007.
- \$34,100 applied to Rush Township; however, there were no disbursements within the 15 day period. Therefore, the money was not expended within fifteen days of receipt as required, and the balance exceeded \$5,000 through our audit period.

SCIOTO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2007
(Continued)

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)

Finding Number	2007-005 (Continued)
CFDA Title and Number	Community Development Block Grants/State's Program CFDA # 14.228
Federal Award Number / Year	B-W-06-068-1, B-C-06-068-1, B-P-06-068-1, B-F-06-068-1, and B-F-05-068-1
Federal Agency	United States Department of Housing and Urban Development
Pass-Through Agency	Ohio Department of Development

Noncompliance Citation and Significant Deficiency – Cash Management (Continued)

- \$20,000 applied to Shawnee State University; however, there were no disbursements within the 15 day period. Therefore, the money was not expended within fifteen days of receipt as required, and the balance exceeded \$5,000 until November 29, 2007.

Lastly, draw number 264 was requested on September 10, 2007 and received on November 7, 2007 for Nile Township in the amount of \$51,400. There were no disbursements within the 15 day period; therefore, the money was not expended within fifteen days of receipt as required, and the balance exceeded \$5,000 until December 5, 2007.

Supporting documentation was not maintained for each draw down request, specifically for grant number B-F-05-068-1. In addition, the original grant period along with approved extensions can often extend over two or three audit periods. As a result, it was difficult to match drawn down requests to specific disbursements, especially in the General Administration line item.

We recommend Scioto County develop a cash management system to ensure compliance with the Fifteen Day Rule which relates to prompt disbursement of funds. We further recommend that documentation be maintained with each draw down request to support the amounts required.

Officials' Response

Scioto County has implemented measures to comply with the Fifteen Day Rule and to maintain documentation.

SCIOTO COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OMB CIRCULAR A -133 § .505

DECEMBER 31, 2007

(Continued)

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)
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Finding Number	2007-006
CFDA Title and Number	Community Development Block Grants/State's Program CFDA # 14.228
Federal Award Number / Year	B-F-05-068-1, B-F-06-068-1, B-C-06-068-1, B-F-06-068-1 and B-W-06-068-1
Federal Agency	United States Department of Housing and Urban Development
Pass-Through Agency	Ohio Department of Development

Questioned Cost, Noncompliance Citation and Material Weakness – Reporting

All Community Development Block Grant Program funds are required to be reported to the State of Ohio, Department of Development. There are two required reports: Status Reports which are completed every six months and the Final Performance Report. In addition, a Request for Payment and Status of Funds report is used by the local governments to make draw downs from the Ohio Department of Development (*Ohio Department of Development, Office of Housing and Community Partnership Financial Management Rules and Regulations Handbook, Sections (A)(3)(k), (E)(1)(b) and Attachment 11*).

Scioto County did not accurately complete a Final Performance Report for grant numbers B-F-05-068-1 and B-F-06-068-1 as follows:

Grant #	Activity	Actual Expenditures	Reported Expenditures	Variance
B-F-05-068-1	Water & Sewer Facilities	\$ 65,772	\$ 66,000	(\$ 228)
B-F-05-068-1	Public Services	\$ 20,000	\$ 40,000	(\$ 20,000)
B-F-05-068-1	Parks & Recreation	\$ 24,500	\$ 25,000	(\$ 500)
B-F-05-068-1	Madison Senior Center	\$ 57,953	\$ 57,000	\$ 953
B-F-05-068-1	Morgan Senior Center	\$ 23,728	\$ 22,000	\$ 1,728
B-F-05-068-1	Fair Housing Program	\$ 11,825	\$ 16,300	(\$ 4,475)
B-F-06-068-1	Jefferson Twp. Senior Center	\$ 37,887	\$ 38,123	(\$ 236)
B-F-06-068-1	Rush Twp. Senior Center	\$ 34,100	\$ 31,400	\$ 2,700
B-F-06-068-1	General Administration	\$ 41,711	\$ 35,897	\$ 5,814
B-F-06-068-1	Fair Housing Program	\$ 11,025	\$ 14,700	(\$ 3,675)

Scioto County did not accurately complete most recent 2007 Status Report for grant numbers B-C-06-068-1, B-F-06-068-1, and B-W-06-068-1 as follows:

Grant #	Activity	Actual Expenditures	Reported Expenditures	Variance
B-C-06-068-1	General Administration	\$ 13,204	\$ 16,027	(\$ 2,823)
B-F-06-068-1	Madison Township Senior Center	\$ 12,385	\$ 15,000	(\$ 2,615)
B-F-06-068-1	Fair Housing Program	\$ 11,025	\$ 14,700	(\$ 3,675)
B-F-06-068-1	General Administration	\$ 39,681	\$ 39,883	(\$ 202)
B-W-06-068-1	General Administration	\$ 2,733	\$ 2,500	\$ 233

SCIOTO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2007
(Continued)

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)

Finding Number	2007-006 (Continued)
CFDA Title and Number	Community Development Block Grants/State's Program CFDA # 14.228
Federal Award Number / Year	B-F-05-068-1, B-F-06-068-1, B-C-06-068-1, B-F-06-068-1 and B-W-06-068-1
Federal Agency	United States Department of Housing and Urban Development
Pass-Through Agency	Ohio Department of Development

Questioned Cost, Noncompliance Citation and Material Weakness – Reporting (Continued)

This results in questioned costs in the amount of \$25,202.36 for grant number B-F-05-068-1 and \$3,911 for grant number B-F-06-068-1.

We recommend that the County prepare and submit the required reports accurately. We further recommend that documentation be maintained to support the reported amounts.

Officials' Response

Reorganization of the administration of the Community Development Block Grant program has addressed these recommendations.

SCIOTO COUNTY

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 §.315(b)
DECEMBER 31, 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	A Finding for Adjustment was issued under Ohio Rev. Code Section 133.22 for using capital improvement bond anticipation note proceeds for short term expenses.	No	Not Corrected. Reissued as Finding Number 2007-001.
2006-002	A citation was issued under Ohio Rev. Code Section 5705.10 (H) for negative fund balances at year end.	No	Not Corrected. Reissued as Finding Number 2007-002.
2006-003	A citation was issued under Ohio Rev. Code Section 5705.36 for not obtaining a reduced amended certificate of estimated resources and not reducing appropriations when budgeted revenues greatly exceeded actual revenues.	No	Not Corrected. Reissued as Finding Number 2007-003.
2006-004	A citation was issued under Ohio Rev. Code Section 5705.41(B) for expenditures exceeding appropriations throughout the year and at year end.	No	Not Corrected. Reissued as Finding Number 2007-004.
2006-005	A citation was issued under Ohio Rev. Code Section 5705.41(D)(1) for not properly encumbering.	Yes	
2006-006	Capital Asset policy not updated for GASB 34.	Yes	
2006-007	Material unrecorded capital asset additions.	Yes	
2006-008	Numerous errors noted in the County's capital asset reports.	Yes	
2006-009	Numerous errors in the financial statements requiring audit adjustments.	Yes	
2006-010	Going concern recommendation.	No	Finding no longer valid.
2006-011	Noncompliance with Federal Fifteen Day Rule requirement for prompt disbursement of Community Development Block Grant funds.	No	Not Corrected. Reissued as Finding Number 2007-005.
2006-012	Noncompliance with Davis-Bacon Act requirements concerning prevailing wages for Community Development Block Grant funds.	Yes	

SCIOTO COUNTY

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 §.315(b)
DECEMBER 31, 2007
(Continued)**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-013	Noncompliance and questioned costs for federal monies expended for activities not allowed per the Community Development Block Grant agreement.	Yes	
2006-014	Noncompliance and questioned costs for Community Development Block Grant reporting requirements.	No	Not Corrected. Reissued as Finding Number 2007-006.

SCIOTO COUNTY

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A-133 § .315 (c)
DECEMBER 31, 2007**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2007-001	The recommendation is accepted as stated. Recommended transfer to General Fund when funds are available.	Unknown	Tom Reiser, County Commissioner
2007-002	The issues with Funds 250, 316, and 349 were corrected for 2008. The County continues its effort to correct the issue with Fund 223.	12/31/2009	David Green, County Auditor
2007-003	Fund 250 has now been combined with the General Fund. Revenue for all funds will be monitored more closely in the future.	12/31/2009	David Green, County Auditor
2007-004	The instances of expenditures exceeding appropriations at the legal level of control were reduced significantly in 2008. Departments were notified that no expenditure would be processed unless sufficient appropriations were in place at the time the expenditure was presented for payment. However, difficulties are often encountered with expenses such as PERS, Health Insurance, Worker's Compensation, etc., which become an obligation of the County when the corresponding salaries are paid. The Auditor's Office continues its effort to correct this issue.	12/31/2009	David Green, County Auditor
2007-005	Scioto County has implemented measures to comply with the Fifteen Day Rule and to maintain documentation.	1/1/2009	Tom Reiser, County Commissioner
2007-006	Reorganization of the administration of the Community Development Block Grant program has addressed these recommendations.	1/1/2009	Tom Reiser, County Commissioner



Mary Taylor, CPA
Auditor of State

FINANCIAL CONDITION

SCIOTO 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
APRIL 2, 2009**