



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**ADAMS COUNTY
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INDEPENDENT ACCOUNTANTS' REPORT

Adams County
110 West Main Street
West Union, Ohio 45693

To the Board of County Commissioners:

We have audited the accompanying financial statements of Adams County, Ohio (the County), as of and for the year ended December 31, 2000. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Ohio Administrative Code, Section 117-2-03, requires the County to prepare its annual financial report in accordance with generally accepted accounting principles. However, as discussed in Note 1, the County prepares its financial statements on the basis of accounting formerly prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles. The accompanying financial statements omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash deposits and combined fund cash balances of Adams County, as of December 31, 2000, and its combined cash receipts and disbursements and its combined budgeted and actual receipts and budgeted and actual disbursements and encumbrances, for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 27, 2001, on our consideration of the County's internal control structure over financial reporting on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of our audit performed in accordance with the *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements of the County, taken as a whole. The accompanying Schedule of Federal Awards Expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, if fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the Fiscal Review Committee, management, elected officials, federal awarding agencies and pass-through entities, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

August 27, 2001

ADAMS COUNTY

COMBINED STATEMENT OF CASH DEPOSITS
AND FUND CASH BALANCES - ALL FUND TYPES -
DECEMBER 31, 2000

Cash Deposits	\$10,340,563
Cash with Fiscal Agent	<u>82,554</u>
Total Cash Deposits	<u>\$10,423,117</u>

CASH BALANCES BY FUND TYPE

Governmental Funds:	
General Fund	\$2,189,870
Special Revenue Funds	6,614,154
Debt Service Funds	63,194
Capital Projects Funds	42,217
Proprietary Funds:	
Enterprise Funds	4,669
Internal Service Fund	10,292
Fiduciary Funds:	
Expendable Trust Funds	97,341
Agency Funds	<u>1,401,380</u>
Total	<u>\$10,423,117</u>

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

ADAMS COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS -
FOR THE YEAR ENDED DECEMBER 31, 2000

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash receipts:						
Taxes	\$3,710,065	\$2,377,589	\$391,792	\$0	\$0	\$6,479,446
Charges for services	644,674	862,852				1,507,526
Licenses and permits	45,428					45,428
Fines and forfeitures	146,637	62,611				209,248
Intergovernmental receipts	630,671	9,264,140	11,685	299,411		10,205,907
Special Assessments			18,834			18,834
All other receipts	478,148	125,202		298	14,596	618,244
Total cash receipts	5,655,623	12,692,394	422,311	299,709	14,596	19,084,633
Cash disbursements:						
General government:						
Legislative and executive	1,795,758	289,821				2,085,579
Judicial	759,791	77,982				837,773
Public safety	1,380,439	493,950				1,874,389
Public works	4,298	4,498,946				4,503,244
Health	172,870	2,333,880				2,506,750
Human services	288,565	4,828,613			7,269	5,124,447
Conservation - recreation	9,462					9,462
Miscellaneous	549,671					549,671
Capital outlay		67,550		323,285		390,835
Debt service:						
Bond principal			309,169			309,169
Interest and fiscal charges			142,902			142,902
Total cash disbursements	4,960,854	12,590,742	452,071	323,285	7,269	18,334,221
Total cash receipts over/(under) cash disbursements	694,769	101,652	(29,760)	(23,576)	7,327	750,412
Other financing receipts/(disbursements):						
Operating transfers-in	4,449	85,300	429	30,804		120,982
Operating transfers-out	(91,104)	(25,000)	(4,449)	(429)		(120,982)
Advances-in not repaid	346,650	228,650		160,000		735,300
Advances-out not repaid	(393,650)	(211,650)		(130,000)		(735,300)
Other financing sources	73,924	369,456				443,380
Other financing uses	(229,522)	(5,278)		(94,874)	(30)	(329,704)
Total other financing receipts/(disbursements)	(289,253)	441,478	(4,020)	(34,499)	(30)	113,676
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	405,516	543,130	(33,780)	(58,075)	7,297	864,088
Fund cash balances, January 1, 2000	1,784,354	6,071,024	96,974	100,292	90,044	8,142,688
Fund cash balances, December 31, 2000	\$2,189,870	\$6,614,154	\$63,194	\$42,217	\$97,341	\$9,006,776
Reserve for encumbrances, December 31, 2000	\$306,672	\$1,163,081	\$1,015	\$30,731	\$3,865	\$1,505,364

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

ADAMS COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH
BALANCES - ALL PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUNDS -
FOR THE YEAR ENDED DECEMBER 31, 2000

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Internal Service	Agency	
Operating cash receipts:				
Charges for services	\$1,170	\$0	\$0	\$1,170
Miscellaneous	33,220	47,782		81,002
Total operating cash receipts	34,390	47,782	0	82,172
Operating cash disbursements:				
Personal services		37,490		37,490
Contractual services	713			713
Supplies and materials	29,195			29,195
Total operating cash disbursements	29,908	37,490	0	67,398
Operating income/(loss)	4,482	10,292	0	14,774
Non-operating cash receipts:				
Other non-operating revenues	0	0	47,393,983	47,393,983
Total non-operating cash receipts	0	0	47,393,983	47,393,983
Non-operating cash disbursements:				
Other non-operating cash disbursements	0	0	47,003,790	47,003,790
Total non-operating cash disbursements	0	0	47,003,790	47,003,790
Excess of receipts over/(under) disbursements before interfund transfers and advances	4,482	10,292	390,193	404,967
Advances-in			5,000	5,000
Advances-out			(5,000)	(5,000)
Other Financing Uses	(15,000)			(15,000)
Net receipts over/(under) disbursements	(10,518)	10,292	390,193	389,967
Fund cash balances, January 1, 2000	15,187		1,011,187	1,026,374
Fund cash balances, December 31, 2000	\$4,669	\$10,292	\$1,401,380	\$1,416,341
Reserve for encumbrances, December 31, 2000	\$200		\$15,215	\$15,415

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

ADAMS COUNTY

**COMBINED STATEMENT OF RECEIPTS - BUDGET AND ACTUAL -
FOR THE YEAR ENDED DECEMBER 31, 2000**

<u>Fund Types/Funds</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Governmental:			
General Fund	\$5,672,790	\$6,080,646	\$407,856
Special Revenue Funds	12,873,271	13,375,800	502,529
Debt Service Funds	422,277	422,740	463
Capital Projects Funds	364,702	490,513	125,811
Proprietary:			
Enterprise Funds	33,600	34,390	790
Internal Service Fund	45,409	47,782	2,373
Fiduciary:			
Expendable Trust Funds	13,700	14,596	896
Totals (Memorandum only)	<u>\$19,425,749</u>	<u>\$20,466,467</u>	<u>\$1,040,718</u>

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

ADAMS COUNTY

COMBINED STATEMENT OF DISBURSEMENTS AND
ENCUMBRANCES COMPARED WITH EXPENDITURE AUTHORITY
FOR THE YEAR ENDED DECEMBER 31, 2000

<u>Fund Types/Funds</u>	<u>Prior Year Carryover Appropriations</u>	<u>Appropriations</u>	<u>Total</u>	<u>Disbursements</u>	<u>Encumbrances Outstanding At 12/31/00</u>	<u>Total</u>	<u>Variance Favorable/ (Unfavorable)</u>
Governmental:							
General Fund	\$327,154	\$6,888,548	\$7,215,702	\$5,675,130	\$306,672	\$5,981,802	\$1,233,900
Special Revenue Funds	721,425	16,581,572	17,302,997	12,832,670	1,163,081	13,996,751	3,307,246
Debt Service Funds	3,660	453,875	457,535	456,520	1,015	457,535	0
Capital Projects Funds		449,320	449,320	548,588	30,731	579,319	(129,999)
Proprietary:							
Enterprise Funds	50	45,442	45,492	44,908	200	45,108	384
Internal Service Fund		35,117	35,117	37,490		37,490	(2,373)
Fiduciary:							
Expendable Trust Funds	1,350	26,000	27,350	7,299	3,865	11,164	16,186
Totals (Memorandum only)	<u>\$1,053,639</u>	<u>\$24,479,874</u>	<u>\$25,533,513</u>	<u>\$19,602,605</u>	<u>\$1,505,564</u>	<u>\$21,108,169</u>	<u>\$4,425,344</u>

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

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ADAMS COUNTY

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

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

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

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

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

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

B. Basis of Accounting

The County prepares its financial statements on a basis of cash receipts and disbursements, consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenditures are recognized when paid rather than when the obligation is incurred. A general fixed asset group and long-term debt group of accounts are not recorded on the financial statements by the County under the basis of accounting used. By virtue of Ohio

ADAMS COUNTY

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

law, the County is required to maintain the encumbrance method of accounting and to make appropriations.

Although required by Ohio Administrative Code, Section 117-2-03, to prepare its annual financial report in accordance with generally accepted accounting principles, the County chooses to prepare its financial statements on the basis of accounting formerly prescribed or permitted by the Auditor of State. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e. when an encumbrance is approved).

These statements include adequate disclosure of material matters, as formerly prescribed or permitted by the Auditor of State.

C. Cash Deposits

The County Treasurer invests all available funds of the County. County funds are invested in checking accounts with local commercial banks and certificates of deposit. The County pools its cash for investment purposes to capture the highest rate of return. Investment income is distributed to County funds based upon the Ohio Constitution. Certificates of deposit are stated at cost, which approximates market value.

D. Fund Accounting

The County maintains its accounting records in accordance with the principles of "fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each type of funds are as follows:

1. General Fund

The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are legally restricted to disbursements for specific purposes.

3. Debt Service Funds

These funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. According to governmental accounting principles, the Debt Service Fund accounts for the payment of long-term debt for

ADAMS COUNTY

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

governmental funds only. Under Ohio law, the Debt Service Fund might also be used to account for the payment of the long-term debt of proprietary funds and the short-term debt of both governmental and proprietary funds. For purposes of this report, these funds have been classified into the proper groups, if practicable.

4. Capital Projects Funds

These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (except those financed through enterprise or trust funds).

5. Enterprise Fund

This fund accounts for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

6. Fiduciary Funds (Trust and Agency Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. Funds for which the County is acting in an agency capacity are classified as agency funds.

E. Budgetary Process

1. Budget

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31, of the following year.

2. Estimated Resources

The County Budget Commission certifies its actions to the County by September 1. As part of this certification, the County receives the official certificate of estimated resources which states the projected receipts of each fund. On or about January 1, this certificate is amended to include any unencumbered balances from the preceding year. Prior to December 31, the County must revise its budget that the total contemplated disbursements from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. Budget receipts as shown in the accompanying financial statements do not include January 1, 2000, unencumbered fund balances. However, those fund balances were available for appropriations.

3. Appropriations

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31.

ADAMS COUNTY

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

4. Encumbrances

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

The County did not always encumber funds prior to their commitment.

5. Legal Level of Control

Each County department prepares a budget which is approved by the Board of County Commissioners. The County maintains budgetary control within an organizational unit and fund by not permitting expenditures and encumbrances to exceed appropriations at the object level (the legal level of control). Modifications to the original budget within expenditure objects require the approval of the Board of Commissioners.

F. Property, Plant and Equipment

Fixed assets acquired or constructed for the County are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements. Depreciation is not recorded for these fixed assets.

G. Accumulated Unpaid Vacation, Personal, Compensatory Time and Sick Leave

Accumulated unpaid vacation, compensatory time and sick leave are not accrued under the cash basis of accounting described in Note 1. At December 31, 2000, management estimates that \$536,432 in vacation leave, \$7,407 in personal leave, \$108,441 in compensatory time, and \$1,432,054 in sick leave has been accumulated by the employees of the County. All leave will either be absorbed by time off from work, or within certain limitations, be paid to the employees.

H. Total Columns on Financial Statements

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Interfund-type eliminations have not been made in the aggregation of this data.

2. CASH DEPOSITS

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

ADAMS COUNTY

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

2. CASH DEPOSITS (Continued)

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

- 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;
- 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;
- 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;
- Bond 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;
- Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
- 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;
- The State Treasurer's investment pool (STAR Ohio);
- Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2) or cash or both securities and cash, equal value for equal value;
- High grade commercial paper in an amount not to exceed five percent of the County's total average portfolio;
- Bankers acceptances for a period not to exceed 270 days and in an amount not to exceed ten percent of the County's total average portfolio.

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

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

ADAMS COUNTY

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

2. CASH DEPOSITS (Continued)

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian. During 2000, the County held their funds in demand deposit accounts and invested only in certificate of deposits.

Deposits:

Government Accounting Standards Board (GASB) Statement No. 3 requires that all deposits be classified as to risk. The following categories are most typically used:

- Insured or collateralized with securities held by the County or by its agent in the Entity's name;
- Collateralized with securities held by the pledging financial institution's trust department or agent in the Entity's name; and
- Uncollateralized - this includes any bank balance that is collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the Entity's name.

At December 31, 2000, the carrying amount of the County's demand deposits was \$ 10,423,117. The bank balance of \$10,824,990 for deposits is classified by risk as follows:

- \$633,559 was insured by the Federal Depository Insurance Corporation (FDIC) or was covered by pledged securities held by third party trustees in the County's name.
- \$10,108,877 was covered by collateral held by third party trustees pursuant to Section 135.181, Ohio Revised Code, in single institution collateral pools securing all public funds on deposit with specific depository institutions. The Code specifies that the total value of securities pledged as collateral must be at least equal to 110% of the total amount of the insured deposits, including any portion covered by federal deposit insurance. The Code also specifies what kind of securities are eligible to be pledged and what percentage of their face value counts as being eligible for collateral.
- \$82,554 was uninsured and uncollateralized. Although all state statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the County to a successful claim by the FDIC.

3. DEBT

Debt outstanding at December 31, 2000, consisted of the following:

General Obligation Bonds

Principal Outstanding	\$1,510,000
Interest Rate	5.0% to 7.25%

Special Assessment Bonds

Principal Outstanding	\$ 315,994
Interest Rate	3.25%

ADAMS COUNTY

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

3. DEBT (Continued)

Outstanding general obligation bonds consist of a Human Services building construction issue, hospital renovation issue and a general operating issue for the Mental Retardation and Developmental Disabilities Department. General obligation bonds are direct obligations of the County for which its full faith, credit and resources are pledged and are payable from taxes levied on all taxable property in the County.

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

The annual requirements to amortize all bonded debt outstanding as of December 31, 2000, including interest payments of \$793,985, are as follows:

Year Ending December 31	General Obligation Bonds	Special Assessment Bonds	Totals (Memorandum Only)
2001	417,276	14,541	431,817
2002	371,192	14,541	385,733
2003	141,337	14,541	155,878
2004	140,900	14,541	155,441
2005	140,100	14,541	154,641
2006 - 2010	711,825	72,705	784,530
2011 - 2115	144,788	72,705	217,493
2016 - 2020		72,703	72,703
2021 - 2025		72,708	72,708
2026 - 2030		72,705	72,705
2031 - 2035		72,707	72,707
2036 - 2038		43,623	43,623
Total	<u>\$2,067,418</u>	<u>\$552,561</u>	<u>\$2,619,979</u>

4. PROPERTY TAX

Real property taxes are levied on assessed values which equal 35% of appraised value. The County Auditor reappraises all real property every six years with a triennial update. The last update was completed for tax year 1998.

Real property taxes become a lien on all non-exempt real property located in the County on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

ADAMS COUNTY

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

4. PROPERTY TAX (Continued)

The full tax rate applied to real property for the fiscal year ended December 31, 2000, was \$9.26 per \$1,000 of assessed valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$7.92 per \$1,000 of assessed valuation for real property classified as residential/agricultural and \$8.89 per \$1,000 of assessed valuation for all other real property. Real property owners' tax bills are further reduced by homestead and rollback deductions, when applicable. The amount of these homestead and rollback reductions is reimbursed to the County by the State of Ohio.

Owners of tangible personal property are required to file a list of such property including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property for the fiscal year ended December 31, 2000, was \$9.26 per \$1,000 of assessed valuation.

Real Property - 1999 Valuation

Residential/Agricultural	\$ 166,489,540
Commercial/Industrial	73,004,970

Tangible Personal Property - Valuation

General - 2000	31,182,900
Public Utilities - 1999	<u>312,310,170</u>
Total Valuation	\$ <u>582,987,580</u>

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

5. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters.

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

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

ADAMS COUNTY

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

5. RISK MANAGEMENT (Continued)

obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payment of certificates. The County does not have an equity interest in CORSA.

Insurance coverage stayed the same as coverages in the prior year. Settled claims during 2000 did not exceed commercial insurance coverage.

The Pool's audited financial statements conform with generally accepted accounting principles and reported the following assets, liabilities and retained (deficit) earnings at December 31:

	<u>2000</u>
Assets	\$38,180,924
Liabilities	14,950,340
Retained (deficit) earnings	\$23,230,584

6. PENSION PLANS

A. Public Employees Retirement System of Ohio

The County contributes to the Public Employees Retirement System of Ohio (PERS), a cost-sharing, multiple employer public employee retirement system administered by the Public Employees Retirement Board. PERS provides basic retirement benefits, disability, and survivor benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215

Plan members, other than those engaged in law enforcement, are required to contribute 8.5% of their annual covered salary to fund pension obligation and the employer is required to contribute 10.84%. For law enforcement employees, the employee contribution is 9% and the employer contribution is 15.7%. Contributions are authorized by state statute. The contribution rates are determined actuarially. The County's required contributions to PERS for the years ended December 31, 2000, 1999, and 1998 were \$ 796,114, \$ 1,494,434, and \$ 1,349,489, respectively. As of December 31, 2000, the County has made all required contributions.

B. State Teachers Retirement System of Ohio

The County contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing, multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, and survivor benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

ADAMS COUNTY

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

6. PENSION PLANS (Continued)

Plan members are required to contribute 9.3% of their annual covered salary and the employer is required to contribute 6%. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The County's contributions to STRS for the years ended December 31, 2000, 1999, and 1998 were \$10,673, \$9,789, and \$15,016, respectively. As of December 31, 2000, the County has made all required contributions.

Comprehensive health care benefits are provided to retired teachers and their dependents through the State Teachers Retirement System of Ohio (STRS). Benefits include hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS.

Benefits are funded on a pay-as-you-go basis. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. The Board allocated employer contributions equal to 8% of covered payroll to the Health Care Reserve Fund. For the County, this amount equaled \$14,231 for 2000.

7. FEDERAL GRANTS (Intergovernmental Receipts)

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

8. HEALTH CARE BENEFITS

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

9. COMPLIANCE

The following noncompliance item was noted as of December 31, 2000:

The County did not prepare its annual report in accordance with generally accepted accounting principles.

10. PENDING LITIGATION

The County has various cases pending, the outcome of which is not determinable as of the date of this report, counsel believes that the resolution of these matters will not materially adversely affect the County's financial condition.

ADAMS COUNTY

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2000**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Food Distribution Program (See note C)	N/A	10.550	\$0	\$4,038
National School Breakfast Program (See note D)	N/A	10.553	5,961	
National School Lunch Program (See note D)	N/A	10.555	7,719	
Total U.S. Department of Agriculture - Nutrition Cluster			13,680	4,038
U.S. DEPARTMENT OF JUSTICE				
Public Safety Partnership and Community Policing Grants	N/A	16.710	99,462	
Total U.S. Department of Justice			99,462	0
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
<i>Passed Through Ohio Department of Development</i>				
I Community Development Block Grant (See Note B)	B-P-99-001-1	14.228	250,000	
	B-P-98-001-1	14.228	100,000	
	B-P-99-001-2	14.228	191,022	
	B-I-98-001-1	14.228	60,000	
	B-F-99-001-1	14.228	141,957	
	B-W-98-001-1	14.228	500,000	
	B-P-98-001-3	14.228	27,980	
	B-P-98-001-2	14.228	1,225	
	B-P-99-001-4	14.228	67,010	
	B-F-98-001-1	14.228	40,000	
Total U.S. Department of Housing and Urban Development			1,379,194	0
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<i>Passed Through Ohio Department of Mental Retardation and Developmental Disabilities</i>				
Social Services Block Grant	N/A	93.667	31,837	
Medical Assistance Program	N/A	93.778	96,991	
Total U.S. Department of Health and Human Services			128,828	0
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education</i>				
Special Education Grants to Sates (IDEA Part B)	065813-6B-SF-01P	84.027	11,767	
Special Education Preschool Grants	065813-PG-S1-2001P	84.173	2,542	
PS/SE Indications of Success	065813-PG-SC-00-P	84.173A	3,761	
ESEA Local Project Plan	065813-C2-S1-2001	84.298	188	
Total U.S. Department of Education			18,258	0
FEDERAL EMERGENCY MANAGEMENT AGENCY				
<i>Passed Through Ohio Department of Public Safety</i>				
Federal Emergency Management Act	DR-1164-001-91001	83.544	19,013	0
TOTAL FEDERAL ASSISTANCE			\$1,658,435	\$4,038

The accompanying notes are an integral part of this Schedule.

ADAMS COUNTY

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
DECEMBER 31, 2000**

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Federal Awards Expenditures (the Schedule) includes the federal grant activity of Adams County and is presented on the cash basis of accounting. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

NOTE B - SUBRECIPIENTS

Of the federal expenditures presented in the Schedule, Adams County provided federal awards to Adams Brown Economic Opportunities, Inc. in the amount of \$7,495. These funds were from the Community Development Block Grant to continue the meals on wheels program, CFDA# 14.228.

NOTE C - FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities used. At December 31, 2000, the County had no significant food commodities in inventory.

NOTE D - NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM

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



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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

Adams County
110 West Main Street
West Union, Ohio 45693

To the Board of County Commissioners:

We have audited the financial statements of Adams County, Ohio (the County), as of and for the year ended December 31, 2000 and have issued our report thereon dated August 27, 2001, wherein we noted the County did not prepare its annual financial report in accordance with generally accepted accounting principles, which is required by statute. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2000-60401-001 and 2000-60401-002. We also noted immaterial instances of noncompliance that we have reported to management of the County in a separate letter dated August 27, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings as item 2000-60401-002.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financials statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable condition described above is a material weakness.

We also noted other matters involving the internal control structure over financial reporting that do not require inclusion in this report that we have reported to the management of the County in a separate letter dated August 27, 2001.

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

Jim Petro
Auditor of State

August 27, 2001



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

Adams County
110 West Main Street
West Union, Ohio 45693

To the Board of County Commissioners:

Compliance

We have audited the compliance of Adams County, Ohio (the County), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2000. The County's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2000. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings as items 2000-60401-003 and 2000-60401-004. We noted certain instances of noncompliance that do not require inclusion in this report that we have reported to the management of the County in a separate letter dated August 27, 2001.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Adams County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted another matter involving the internal control over a federal program that does not require inclusion in this report, that we have reported to management of the County in a separate letter dated August 27, 2001.

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

Jim Petro
Auditor of State

August 27, 2001

ADAMS COUNTY

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2000**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

FINDING NUMBER 2000-60401-001

Material Noncompliance - Not reporting in accordance with Generally Accepted Accounting Principles

Ohio Administrative Code, Sections 117-2-03 and 117-1-01(for the first half of fiscal year 2000), require Adams County (the County) to prepare its annual financial report in accordance with generally accepted accounting principles. However, the County prepares its financial statements on the basis of accounting

**FINDING NUMBER 2000-60401-001
(Continued)**

formerly prescribed or permitted by the Auditor of State, which is a basis of accounting other than generally accepted accounting principles. The accompanying financial statements omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. The County can be fined and various other administrative remedies may be taken against the County.

FINDING NUMBER 2000-60401-002

Material Noncompliance/Reportable Condition - Prior Certification of Funds

Ohio Rev. Code, Section 5705.41 (D), requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every contract made without such a certificate shall be null and void, and no warrant shall be issued in payment of any amount due thereon.

This Section also provides for two exceptions to the above requirements:

1. Then-and-Now Certificates – If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the County may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within thirty days from the receipt of such certificate.
2. If the amount involved is less than \$100, the fiscal officer may authorize payment through a Then-and-Now Certificate without affirmation of the Board of County Commissioners, if such expenditure is otherwise valid.

Where a continuing contract is to be performed in whole or in part in an ensuing fiscal year, only the amount required to meet those amounts in the fiscal year in which the contract is made need be certified.

Contrary to the above requirement, the availability of funds was not certified for 10% of the vouchers reviewed and neither of the two exceptions provided above were utilized. Failure to certify the availability of funds and encumber appropriations can result in overspending funds and negative cash fund balances. Therefore, we recommend the County offices obtain approved purchase orders, which contain the Auditor's certification that the amount required to meet the obligation has been lawfully appropriated and authorized prior to making a commitment.

3. FINDINGS FOR FEDERAL AWARDS

FINDING NUMBER 2000-60401-003

CFDA Title and Number	Small Cities Community Development Block Grant - 14.228
Federal Award Number / Year	B-W-98-001-1 B-P-98-001-3 B-P-99-001-2 B-I-98-001-1 B-P-001-4 B-F-001-1 B-F-99-001-1
Federal Agency	U.S. Department of Housing and Urban Development (HUD)
Pass-Through Agency	Ohio Department of Development (ODD)

Noncompliance Citation

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 funds drawn down should be limited to amounts that will enable the grantee to disburse the funds on hand to a balance of less than \$5,000 within fifteen days of receipt of any funds. The County exceeded the \$5,000 limit for every CDBG grant, except BP 98-001-1, throughout the entire audit period. Grant receipts ranged from \$12,000 to \$500,000 during the audit period. We recommend the County monitor grant funds and limit draw downs to amounts that will enable the County to disburse funds within fifteen days.

FINDING NUMBER 2000-60401-004

CFDA Title and Number	Small Cities Community Development Block Grant - 14.228
Federal Award Number / Year	B-W-98-001-1 B-F-98-001-1 B-P-98-001-3 B-F-99-001-1 B-P-99-001-2 B-P-99-001-1 B-I-98-001-1 B-P-98-001-1 B-P-99-001-4 B-P-98-001-2
Federal Agency	U.S. Department of Housing and Urban Development (HUD)
Pass-Through Agency	Ohio Department of Development (ODD)

Noncompliance Citation

According to the State of Ohio, Department of Development, Office of Housing and Community Partnership (OHCP) Financial Management Rules and Regulations Handbook, Section (A)(3)(l), the grantee should deposit federal funds received from OHCP in a non-interest bearing account. If the grantee deposits funds in an interest bearing account, the grantee must remit to OHCP, on at least a quarterly basis, any interest

FINDING NUMBER 2000-60401-004
(Continued)

earned that totals more than \$100 per year. In addition, the grantee must, on a monthly basis, credit any interest earned to the appropriate grant. The County deposited all monies, including CDBG federal funds, into interest bearing checking accounts and certificates of deposits. Furthermore, interest on these federal funds were posted to the General Fund rather than allocated to each individual CDBG federal grant fund. We calculated the average fund balance for all funds, including the CDBG funds, and the average interest rate and then allocated the total interest earned during the audit period to these CDBG funds. The County's General Fund owes the federal CDBG funds approximately \$9,913.

We recommend the county properly allocate interest to the federal funds and submit the required amounts to the proper authorities.

ADAMS COUNTY

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
DECEMBER 31, 2000**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer Valid</u> ; <i>Explain:</i>
1999-60401-001	Adams County did not prepare its annual financial report in accordance with generally accepted accounting principles, as required by OAC Section 117-2-03.	No	Not corrected in 2000
1999-60401-002	Adams County had appropriations exceeding estimated revenues	Yes	Corrected in 2000
1999-60401-003	Adams County did not properly encumber all funds prior to expenditure	No	Not corrected in 2000



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ADAMS COUNTY FINANCIAL CONDITION

ADAMS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
SEPTEMBER 13, 2001