



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, 2008, 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, 2008 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.

The accompanying financial statements have been prepared assuming that the County will continue as a going concern. As discussed in Note 24 to the financial statements, the County has suffered recurring losses from operations and has a net asset deficiency that raises substantial doubt about its ability to continue as a going concern. In addition, on August 19, 2009 the Auditor of State determined a fiscal emergency exists, and a financial planning and supervision commission will assume certain management responsibilities for the duration of this emergency pursuant to Chapter 118 of the Ohio Rev. Code. Note 25 describes Management's plans regarding these matters. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 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

September 10, 2009

**SCIOTO COUNTY, OHIO**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2008  
Unaudited

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**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, 2008.

**FINANCIAL HIGHLIGHTS**

The County's total net assets increased \$1,932,795 during 2008. Net assets of governmental activities increased \$1,473,584. Net assets of business-type activities increased by \$459,211.

General revenues of governmental activities accounted for \$18,862,730. Program specific revenues in the form of charges for services and sales, grants, contributions, and interest restricted to specific programs accounted for \$37,380,403.

The Sewer Enterprise Fund reflected operating income of \$619,295.

The County had \$54,769,549 in expenses related to governmental activities; \$37,380,403 of these expenses were offset by program specific charges for services and sales, grants, contributions and interest. General revenues (primarily grants and entitlements, property taxes and sales taxes) of \$18,862,730 were adequate to provide for these programs. The County had \$2,515,137 in expenses related to business-type activities; all of which were offset by program specific charges for services and sales 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 the 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.

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

**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 2008 compared to 2007.

Table 1  
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
<b>Assets</b>						
Current and						
Other Assets	\$30,007,628	\$30,349,798	\$2,437,500	\$2,942,015	\$32,445,128	\$33,291,813
Investment in						
Joint Venture	130,987	118,121	0	0	130,987	118,121
Capital Assets, Net of Depreciation	76,673,808	77,505,612	16,221,835	15,430,205	92,895,643	92,935,817
<b>Total Assets</b>	<b>106,812,423</b>	<b>107,973,531</b>	<b>18,659,335</b>	<b>18,372,220</b>	<b>125,471,758</b>	<b>126,345,751</b>
<b>Liabilities</b>						
Current and Other						
Liabilities	10,459,315	11,223,893	200,139	289,920	10,659,454	11,513,813
Long-Term Liabilities:						
Due Within						
One Year	2,569,581	2,570,023	357,677	341,110	2,927,258	2,911,133
Due in More Than One Year	14,590,728	16,460,400	7,182,341	7,281,223	21,773,069	23,741,623
<b>Total Liabilities</b>	<b>27,619,624</b>	<b>30,254,316</b>	<b>7,740,157</b>	<b>7,912,253</b>	<b>35,359,781</b>	<b>38,166,569</b>
<b>Net Assets</b>						
Invested in						
Capital Assets, Net of Related Debt	63,853,480	63,911,470	8,807,770	7,944,587	72,661,250	71,856,057
Restricted for:						
Debt Service	366,845	449,590	0	0	366,845	449,590
Capital Projects	1,221,032	507,717	0	0	1,221,032	507,717
Other Purposes	16,463,751	15,226,219	0	0	16,463,751	15,226,219
Unrestricted (Deficit)	(2,712,309)	(2,375,781)	2,111,408	2,515,380	(600,901)	139,599
<b>Total Net Assets</b>	<b>\$79,192,799</b>	<b>\$77,719,215</b>	<b>\$10,919,178</b>	<b>\$10,459,967</b>	<b>\$90,111,977</b>	<b>\$88,179,182</b>

Current and other assets of the County's governmental activities decreased by \$342,170. The decrease was mainly due to a decrease of \$2,867,515 in equity in pooled cash and cash equivalents primarily due to a decrease in State monies received by the Public Assistance Fund. There was a significant increase in due from other governments due to increases in the Human Services Grant related to Public Assistance, Community Development Block Grants, and charges for services for the provision of jail facility services to other entities. There was a decrease of \$261,500 in accounts receivable due to the receivable from the County Engineer Association of Ohio that was reported in 2007.

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Total liabilities of the County's governmental activities decreased by \$2,634,692. This was primarily because of a decrease in long-term debt due to the debt service payments on the general obligation bonds. There was also a significant decrease in current liabilities due to a decrease in due to other governments related to the Public Assistance Fund. The State provides monies to the Public Assistance Fund. At year-end, the portion of the monies that has not been expended must be returned to the State. In 2007, there was a significant amount of monies that had not been used by year-end. These monies were returned to the State and presented as due to other governments and expenditures in the 2007 financial statements. As a result, current liabilities and expenditures were less in the Public Assistance Fund for 2008.

The decrease in invested in capital assets, net of related debt, for governmental activities was insignificant. Total governmental activities net assets increased by \$1,473,584 primarily due to the decrease in expenditures related to the Public Assistance Fund explained above. Another factor in the increase in governmental activities nets assets was the recording of receivables for capital grants and contributions relating to two projects that have not begun.

The net assets of the County's business-type activities increased by \$459,211. 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, 2007 and 2008.

Table 2  
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
<b>Revenues</b>						
Program Revenues:						
Charges for Services and Sales	\$7,541,526	\$6,877,629	\$2,752,409	\$2,614,519	\$10,293,935	\$9,492,148
Operating Grants, Contributions, and Interest	28,484,488	27,849,288	0	0	28,484,488	27,849,288
Capital Grants and Contributions	1,354,389	3,740,002	219,894	74,896	1,574,283	3,814,898
Total Program Revenues	<u>37,380,403</u>	<u>38,466,919</u>	<u>2,972,303</u>	<u>2,689,415</u>	<u>40,352,706</u>	<u>41,156,334</u>
General Revenues:						
Property Taxes	6,034,470	6,181,970	0	0	6,034,470	6,181,970
Other Local Taxes	355,823	347,232	0	0	355,823	347,232
Sales Tax	9,227,387	9,216,081	0	0	9,227,387	9,216,081
Revenue in Lieu of Taxes	50,615	44,746	0	0	50,615	44,746
Grants and Entitlements not Restricted to Specific Programs	1,736,264	1,440,771	0	0	1,736,264	1,440,771
Unrestricted Investment						
Earnings	362,643	958,789	1,706	20,337	364,349	979,126
Miscellaneous	1,095,528	734,028	339	15,132	1,095,867	749,160
Total General Revenues	<u>18,862,730</u>	<u>18,923,617</u>	<u>2,045</u>	<u>35,469</u>	<u>18,864,775</u>	<u>18,959,086</u>
Total Revenues	<u>\$56,243,133</u>	<u>\$57,390,536</u>	<u>\$2,974,348</u>	<u>\$2,724,884</u>	<u>\$59,217,481</u>	<u>\$60,115,420</u>

(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	
	2008	2007	2008	2007	2008	2007
<b>Program Expenses</b>						
General Government:						
Legislative and Executive	\$7,782,002	\$7,126,541	\$0	\$0	\$7,782,002	\$7,126,541
Judicial	2,658,301	2,504,990	0	0	2,658,301	2,504,990
Public Safety:						
Sheriff	5,739,850	6,621,680	0	0	5,739,850	6,621,680
Other	3,311,251	3,377,077	0	0	3,311,251	3,377,077
Public Works	5,316,781	4,854,572	0	0	5,316,781	4,854,572
Health	9,014,633	8,278,723	0	0	9,014,633	8,278,723
Human Services	17,745,742	18,995,632	0	0	17,745,742	18,995,632
Conservation and Recreation	563,211	541,495	0	0	563,211	541,495
Economic Development and Assistance	821,846	1,092,602	0	0	821,846	1,092,602
Transportation	940,499	890,909	0	0	940,499	890,909
Interest and Fiscal Charges	875,433	904,783	0	0	875,433	904,783
Sewer	0	0	2,515,137	2,473,157	2,515,137	2,473,157
<b>Total Expenses</b>	<b>54,769,549</b>	<b>55,189,004</b>	<b>2,515,137</b>	<b>2,473,157</b>	<b>57,284,686</b>	<b>57,662,161</b>
Increase						
in Net Assets Before Transfers	1,473,584	2,201,532	459,211	251,727	1,932,795	2,453,259
Transfers	0	(20,431)	0	20,431	0	0
<b>Increase in Net Assets</b>	<b>1,473,584</b>	<b>2,181,101</b>	<b>459,211</b>	<b>272,158</b>	<b>1,932,795</b>	<b>2,453,259</b>
Net Assets at Beginning of Year	77,719,215	75,538,114	10,459,967	10,187,809	88,179,182	85,725,923
Net Assets at End of Year	<u>\$79,192,799</u>	<u>\$77,719,215</u>	<u>\$10,919,178</u>	<u>\$10,459,967</u>	<u>\$90,111,977</u>	<u>\$88,179,182</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. There was a significant decrease in Capital Grants and Contributions due to the receipt of \$2,295,075 in 2007 from the County Engineer's Association of Ohio for the repayment of the State Infrastructure Bank loans associated with the Arion Road and Dixon Mills Road bridge projects.

Sales tax collected by the County comprised \$9,227,387 of total governmental revenues for 2008. Proceeds of the permissive sales tax are credited to the General Fund.

The County's direct charges to users of governmental services are \$7,541,526 of total governmental revenues for 2008. 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. These charges increased in 2008 by \$663,897. Major increases occurred in sheriff contracts for the leasing of bed space in the jail and contracts with townships for patrols and transportation fees related to Access Scioto County.

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Human services (including public assistance and children services) programs accounted for \$17,745,742 of total expenses for governmental activities. Human services expenses decreased in 2008 as previously explained. Health programs (including MRDD) make up \$9,014,633 of total expenses. There was an increase of \$735,910 mainly due to increases in health insurance costs and various contract services. 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 \$9,051,101 of total expenses. Public Safety expenses related to the Sheriff's department decreased by \$881,830 due to improved budgeting and monitoring of expenses.

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 jail to provide further safety for all citizens.

***Business-Type Activities***

The net assets for business-type activities increased by \$459,211 during 2008. Charges for services were the largest revenue source.

**THE COUNTY'S FUNDS**

Information about the County's major governmental funds begins on page 14. These funds are reported using the modified accrual basis of accounting. All governmental funds had total revenues of \$55,549,755 and expenditures of \$56,376,263.

The General Fund balance decreased by \$210,789 which is insignificant.

The Public Assistance Fund balance increased by \$711,243 mainly as the result of a significant amount of State money that was receivable at year-end. Cash and cash equivalents decreased by \$2,039,249 mainly as a result of a decrease in State monies received during the year.

The Motor Vehicle Gas Tax Fund balance increased by \$15,053. The ending fund balance was \$2,317,991.

The Board of Mental Retardation and Developmental Disabilities Fund balance increased by \$726,303 in 2008 which was less than the 2007 increase of \$916,622. Although revenues increased by \$833,571 from 2007 to 2008, expenditures increased by \$1,023,890. The increase in revenues was mainly due to an increase in State grants while the increase in expenditures was mostly related to increases in health insurance costs and various contractual services.

The Children Services Fund expenditures exceeded revenues and other financing sources by \$121,510. The ending fund balance was \$1,151,138.

The Sewer Fund reflects operating income of \$619,295 for 2008. 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.

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***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).

During 2008, the County amended its General Fund budget as needed. The most significant variance from original budget revenue amounts to the final budget revenue amounts was in sales taxes. This was the result of a conservative estimate of sales tax revenues. The most significant variance from the final budgeted revenue to the actual revenue was in investment earnings. This was due to the decline in interest rates on the County's deposits.

The most significant variance from original budget expenditure amounts to the final budget expenditure amounts was in the expenditures for the Sheriff's department. This was due to efforts by the Sheriff's department to reduce expenditures during the year. The variance from final budget expenditure amounts to actual amounts was not significant.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The additions to depreciable assets of \$2,371,192, as well as \$520,930 in construction in progress, in the governmental activities were mostly the result of the County adding building improvements, roads, bridges, and other infrastructure assets and purchasing equipment and vehicles during 2008.

The additions to depreciable assets of \$1,122,937, as well as \$47,225 in construction in progress, in the business-type activities were mostly the result of renovations to several sewer pump stations. See Note 9 of the notes to the basic financial statements for more detailed capital assets information.

**Debt**

At December 31, 2008, Scioto County had \$15,205,158 in long-term debt outstanding in governmental activities. The amount of long-term debt in the business-type activities was \$7,462,928.

The County's total legal debt margin was \$18,789,577 at December 31, 2008, with an unvoted debt margin of \$6,666,857 at December 31, 2008.

See Note 15 of the notes to the basic financial statements for more detailed information.

**CURRENT ISSUES**

On August 19, 2009, the Ohio Auditor of State declared a state of emergency, as defined by Ohio Revised Code Section 118, for Scioto County. The County's deficit fund balances required the State Auditor to declare the fiscal emergency which results in the appointment of a State commission to oversee the finances and assist in the development of a financial recovery plan. The commission will be responsible

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for approving the plan that eliminates the fiscal emergency conditions, balances the budget and avoids future deficits.

The future financial outlook for Scioto County for 2009 is one of great concern. The financial burden relative to the incarceration of an increasing number of both juvenile and adult offenders, including that of arrest, prosecution and trial, is our greatest problem area.

Revenues from some sources, such as the State, continue to decline and in the case of interest income, are nearly nonexistent. Due to the downturn of the national economy and the deflation of available interest rates, investment earnings in the General Fund have declined from \$850,689 in 2007 to \$7,379 in the first quarter of 2009. However, there are some positive signs at the local level as our sales tax revenue has remained above expectations through the first quarter of 2009. Charges for services for bed rentals in the jail facility at the end of the first quarter of 2009 are at 43.52 percent of the estimated revenue for the year.

**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, 2008

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	STAR Inc.	Scioto County Airport Authority
<b><u>Assets:</u></b>					
Equity in Pooled Cash and Cash Equivalents	\$10,460,590	\$512,305	\$10,972,895	\$0	\$0
Cash and Cash Equivalents	0	0	0	177,186	84,337
Cash and Cash Equivalents in Segregated Accounts	71,280	390,340	461,620	0	0
Cash and Cash Equivalents with Escrow Agent	17,845	0	17,845	0	0
Cash and Cash Equivalents with Trustee	266,792	99,543	366,335	0	0
Investments with Escrow Agent	88,021	0	88,021	0	0
Accrued Interest Receivable	252	0	252	0	0
Materials and Supplies Inventory	345,385	5,970	351,355	119	0
Accounts Receivable	40,517	1,371,743	1,412,260	14,383	1,873
Prepaid Items	222,769	8,736	231,505	0	730
Sales Tax Receivable	2,414,216	0	2,414,216	0	0
Property Taxes Receivable	6,554,867	0	6,554,867	0	0
Revenue in Lieu of Taxes Receivable	44,862	0	44,862	0	0
Due from Other Governments	8,589,943	0	8,589,943	0	35,488
Due from Component Unit	83,607	0	83,607	0	0
Due from Primary Government	0	0	0	19,057	0
Loans Receivable	586,257	0	586,257	0	0
Deferred Charges	220,425	48,863	269,288	0	0
Investment in Joint Venture	130,987	0	130,987	0	0
Capital Assets:					
Land and Construction in Progress	1,881,046	35,320	1,916,366	0	474,483
Depreciable Capital Assets, Net	74,792,762	16,186,515	90,979,277	35,604	1,827,601
<b>Total Assets</b>	<b>106,812,423</b>	<b>18,659,335</b>	<b>125,471,758</b>	<b>246,349</b>	<b>2,424,512</b>
<b><u>Liabilities:</u></b>					
Accounts Payable	824,509	17,380	841,889	4,570	577
Contracts Payable	59,431	0	59,431	0	26,536
Accrued Wages and Benefits Payable	764,076	18,427	782,503	10,840	0
Due to Other Governments	1,227,451	47,201	1,274,652	0	0
Accrued Interest Payable	59,403	117,131	176,534	0	0
Matured Compensated Absences Payable	13,579	0	13,579	0	0
Retainage Payable	54,409	0	54,409	0	10,875
Due to Component Unit	19,057	0	19,057	0	0
Deferred Revenue	6,658,900	0	6,658,900	0	0
Notes Payable	778,500	0	778,500	0	0
Long-Term Liabilities:					
Due Within One Year	2,569,581	357,677	2,927,258	4,155	83,607
Due in More Than One Year	14,590,728	7,182,341	21,773,069	4,053	0
<b>Total Liabilities</b>	<b>27,619,624</b>	<b>7,740,157</b>	<b>35,359,781</b>	<b>23,618</b>	<b>121,595</b>
<b><u>Net Assets:</u></b>					
Invested in Capital Assets, Net of Related Debt	63,853,480	8,807,770	72,661,250	27,396	2,218,477
Restricted for:					
Debt Service	366,845	0	366,845	0	0
Capital Projects	1,221,032	0	1,221,032	0	0
Public Safety	1,665,288	0	1,665,288	0	0
Human Services	2,608,717	0	2,608,717	0	0
Public Works	3,768,908	0	3,768,908	0	0
Health	5,850,479	0	5,850,479	0	0
Community and Economic Development	1,221,393	0	1,221,393	0	0
Transportation	113,828	0	113,828	0	0
Judicial	423,838	0	423,838	0	0
Other Purposes	811,300	0	811,300	0	0
Unrestricted (Deficit)	<b>(2,712,309)</b>	<b>2,111,408</b>	<b>(600,901)</b>	<b>195,335</b>	<b>84,440</b>
<b>Total Net Assets</b>	<b>\$79,192,799</b>	<b>\$10,919,178</b>	<b>\$90,111,977</b>	<b>\$222,731</b>	<b>\$2,302,917</b>

See Accompanying Notes to the Basic Financial Statements

**SCIOTO COUNTY, OHIO**  
Statement of Activities  
For the Year Ended December 31, 2008

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants, Contributions, and Interest	Capital Grants and Contributions
<b><u>Governmental Activities:</u></b>				
General Government:				
Legislative and Executive	\$7,782,002	\$2,008,144	\$9,680	\$0
Judicial	2,658,301	1,016,784	537,466	0
Public Safety:				
Sheriff	5,739,850	2,470,928	231,510	0
Other	3,311,251	889,445	1,006,868	0
Public Works	5,316,781	36,307	4,352,264	0
Health	9,014,633	265,837	5,325,918	0
Human Services	17,745,742	219,109	16,270,590	0
Conservation and Recreation	563,211	6,957	100,600	32,476
Economic Development and Assistance	821,846	8,000	279,000	0
Transportation	940,499	620,015	370,592	1,321,913
Interest and Fiscal Charges	875,433	0	0	0
<i>Total Governmental Activities</i>	54,769,549	7,541,526	28,484,488	1,354,389
<b><u>Business-Type Activity:</u></b>				
Sewer	2,515,137	2,752,409	0	219,894
<i>Total Primary Government</i>	\$57,284,686	\$10,293,935	\$28,484,488	\$1,574,283
<b><u>Component Units:</u></b>				
STAR Inc.	\$459,337	\$375,263	\$97,644	\$0
Scioto County Airport Authority	120,317	88,772	0	143,686
<i>Total Component Unit Activities</i>	\$579,654	\$464,035	\$97,644	\$143,686

**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

*Total General Revenues*

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	
(\$5,764,178)	\$0	(\$5,764,178)	\$0	\$0	\$0
(1,104,051)	0	(1,104,051)	0	0	0
(3,037,412)	0	(3,037,412)	0	0	0
(1,414,938)	0	(1,414,938)	0	0	0
(928,210)	0	(928,210)	0	0	0
(3,422,878)	0	(3,422,878)	0	0	0
(1,256,043)	0	(1,256,043)	0	0	0
(423,178)	0	(423,178)	0	0	0
(534,846)	0	(534,846)	0	0	0
1,372,021	0	1,372,021	0	0	0
(875,433)	0	(875,433)	0	0	0
(17,389,146)	0	(17,389,146)	0	0	0
0	457,166	457,166	0	0	0
(17,389,146)	457,166	(16,931,980)	0	0	0
0	0	0	13,570	0	0
0	0	0	0	112,141	0
0	0	0	13,570	112,141	0
1,659,352	0	1,659,352	0	0	0
3,531,794	0	3,531,794	0	0	0
730,531	0	730,531	0	0	0
112,793	0	112,793	0	0	0
355,823	0	355,823	0	0	0
9,227,387	0	9,227,387	0	0	0
50,615	0	50,615	0	0	0
1,736,264	0	1,736,264	0	0	0
362,643	1,706	364,349	2,559	10	0
1,095,528	339	1,095,867	1,388	0	0
18,862,730	2,045	18,864,775	3,947	10	0
1,473,584	459,211	1,932,795	17,517	112,151	0
77,719,215	10,459,967	88,179,182	205,214	2,190,766	0
\$79,192,799	\$10,919,178	\$90,111,977	\$222,731	\$2,302,917	0

**SCIOTO COUNTY, OHIO**

Balance Sheet  
Governmental Funds  
December 31, 2008

	<u>General</u>	<u>Public Assistance</u>	<u>Motor Vehicle Gas Tax</u>
<b><u>Assets:</u></b>			
Equity in Pooled Cash and Cash Equivalents	\$0	\$561,201	\$1,374,247
Cash and Cash Equivalents in			
Segregated Accounts	11,992	5,436	294
Cash and Cash Equivalents with Trustee	0	0	0
Receivables:			
Sales Tax	2,414,216	0	0
Property Taxes	1,811,969	0	0
Accounts	8,738	0	1,392
Accrued Interest	252	0	0
Interfund	53,723	43,213	154,600
Revenue in Lieu of Taxes	0	0	0
Due from Other Governments	1,198,069	1,582,626	2,361,874
Prepaid Items	66,314	117,526	16,501
Materials and Supplies Inventory	22,885	16,669	286,724
Due from Component Unit	83,607	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	323,508	0	0
<i>Total Assets</i>	<u>\$5,995,273</u>	<u>\$2,326,671</u>	<u>\$4,195,632</u>
 <b><u>Liabilities and Fund Balances:</u></b>			
<b><u>Liabilities:</u></b>			
Accounts Payable	\$190,656	\$251,202	\$42,003
Contracts Payable	0	0	0
Accrued Wages and Benefits Payable	216,937	153,659	100,011
Due to Other Governments	384,681	263,079	91,683
Interfund Payable	2,639,697	125,645	0
Retainage Payable	0	0	0
Retainage Payable from Restricted Assets	0	0	0
Due to Component Unit	0	0	0
Accrued Interest Payable	3,949	0	0
Matured Compensated Absences Payable	0	0	0
Deferred Revenue	3,547,604	371,343	1,643,944
Notes Payable	312,000	0	0
<i>Total Liabilities</i>	<u>7,295,524</u>	<u>1,164,928</u>	<u>1,877,641</u>
 <b><u>Fund Balances:</u></b>			
Reserved for Encumbrances	167,639	75,991	159,122
Reserved for Unclaimed Monies	323,508	0	0
Reserved for Loans Receivable	0	0	0
Unreserved, (Deficit) Undesignated Reported in:			
General Fund	(1,791,398)	0	0
Special Revenue Funds	0	1,085,752	2,158,869
Debt Service Fund	0	0	0
Capital Projects Funds	0	0	0
<i>Total Fund Balances (Deficit)</i>	<u>(1,300,251)</u>	<u>1,161,743</u>	<u>2,317,991</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$5,995,273</u>	<u>\$2,326,671</u>	<u>\$4,195,632</u>

See Accompanying Notes to the Basic Financial Statements

Board of Mental Retardation and Developmental Disabilities	Children Services	Nonmajor Governmental Funds	Total
\$2,531,998	\$1,122,704	\$4,546,932	\$10,137,082
0	0	53,558	71,280
0	0	266,792	266,792
0	0	0	2,414,216
3,833,344	812,258	97,296	6,554,867
559	0	29,828	40,517
0	0	0	252
2,494,811	5,705	642,836	3,394,888
33,948	9,214	1,700	44,862
1,163,811	310,619	1,972,944	8,589,943
11,969	4,490	5,969	222,769
0	0	19,107	345,385
0	0	0	83,607
0	0	586,257	586,257
0	0	17,845	17,845
33,058	54,963	0	88,021
0	0	0	323,508
<u>\$10,103,498</u>	<u>\$2,319,953</u>	<u>\$8,241,064</u>	<u>\$33,182,091</u>
\$129,042	\$53,385	\$158,221	\$824,509
0	22,844	36,587	59,431
125,753	47,155	120,561	764,076
207,160	55,222	225,626	1,227,451
0	0	629,546	3,394,888
0	28,146	8,418	36,564
0	0	17,845	17,845
19,057	0	0	19,057
0	0	6,473	10,422
477	13,102	0	13,579
4,613,359	948,961	1,515,722	12,640,933
0	0	466,500	778,500
<u>5,094,848</u>	<u>1,168,815</u>	<u>3,185,499</u>	<u>19,787,255</u>
86,330	17,024	109,972	616,078
0	0	0	323,508
0	0	510,715	510,715
0	0	0	(1,791,398)
4,922,320	1,134,114	3,615,505	12,916,560
0	0	413,651	413,651
0	0	405,722	405,722
<u>5,008,650</u>	<u>1,151,138</u>	<u>5,055,565</u>	<u>13,394,836</u>
<u>\$10,103,498</u>	<u>\$2,319,953</u>	<u>\$8,241,064</u>	<u>\$33,182,091</u>

**SCIOTO COUNTY, OHIO**  
 Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities  
 December 31, 2008

**Total Governmental Fund Balances** \$13,394,836

*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	14,304	
Depreciable capital assets	109,117,216	
Accumulated depreciation	<u>(34,324,454)</u>	
Total capital assets		76,673,808

The County also has an investment interest in joint venture assets, which is part of the County's overall governmental activities. 130,987

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	802,184	
Sales tax	987,033	
Revenue in lieu of taxes	44,862	
Intergovernmental	4,064,347	
Miscellaneous	<u>83,607</u>	
		5,982,033

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. 220,425

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	(11,984,118)	
Loans payable	(334,014)	
Accrued interest payable	(48,981)	
Capital leases payable	(2,887,026)	
Compensated absences	<u>(1,955,151)</u>	
Total liabilities		<u>(17,209,290)</u>

**Net Assets of Governmental Activities** \$79,192,799

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, 2008

	General	Public Assistance	Motor Vehicle Gas Tax
<b><u>Revenues:</u></b>			
Property Taxes	\$1,630,833	\$0	\$0
Other Local Taxes	355,823	0	0
Sales Tax	9,227,387	0	0
Revenue in Lieu of Taxes	885	0	0
Charges for Services	2,211,136	0	15,752
Licenses and Permits	4,631	0	0
Fines and Forfeitures	127,473	0	20,555
Intergovernmental	1,969,827	13,407,783	4,594,477
Investment Earnings	321,287	0	27,199
Rent	2,171	0	0
Contributions and Donations	0	0	0
Miscellaneous	435,270	198,721	22,835
<b>Total Revenues</b>	<b>16,286,723</b>	<b>13,606,504</b>	<b>4,680,818</b>
<b><u>Expenditures:</u></b>			
Current:			
General Government:			
Legislative and Executive	6,804,347	0	0
Judicial	1,973,593	0	0
Public Safety:			
Sheriff	3,679,569	0	0
Other	543,894	0	0
Public Works	0	0	3,756,916
Health	353,618	0	0
Human Services	401,996	13,156,664	0
Conservation and Recreation	235,667	0	0
Economic Development and Assistance	106,958	0	0
Transportation	0	0	0
Capital Outlay	6,060	0	920,320
Debt Service:			
Principal Retirement	525,335	37,762	1,018
Interest and Fiscal Charges	57,108	17,786	370
<b>Total Expenditures</b>	<b>14,688,145</b>	<b>13,212,212</b>	<b>4,678,624</b>
Excess of Revenues Over (Under) Expenditures	1,598,578	394,292	2,194
<b><u>Other Financing Sources (Uses):</u></b>			
Loan Proceeds	0	0	0
Inception of Capital Lease	0	0	5,779
Transfers In	6,000	316,951	7,080
Transfers Out	(1,815,367)	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>(1,809,367)</b>	<b>316,951</b>	<b>12,859</b>
<b>Net Change in Fund Balances</b>	<b>(210,789)</b>	<b>711,243</b>	<b>15,053</b>
<b>Fund Balances (Deficit) at Beginning of Year</b>	<b>(1,089,462)</b>	<b>450,500</b>	<b>2,302,938</b>
<b>Fund Balances (Deficit) at End of Year</b>	<b>(\$1,300,251)</b>	<b>\$1,161,743</b>	<b>\$2,317,991</b>

See Accompanying Notes to the Basic Financial Statements

Board of Mental Retardation and Developmental Disabilities	Children Services	Nonmajor Governmental Funds	Total
\$3,472,150	\$717,773	\$111,519	\$5,932,275
0	0	0	355,823
0	0	0	9,227,387
35,342	9,437	2,751	48,415
204,383	0	4,449,341	6,880,612
0	0	47,980	52,611
0	0	141,641	289,669
5,265,322	2,067,860	3,633,878	30,939,147
2,829	3,973	7,572	362,860
0	0	316,463	318,634
10,228	8,295	226	18,749
186,701	534	279,512	1,123,573
<u>9,176,955</u>	<u>2,807,872</u>	<u>8,990,883</u>	<u>55,549,755</u>
0	0	727,197	7,531,544
0	0	674,242	2,647,835
0	0	1,749,570	5,429,139
0	0	2,557,590	3,101,484
0	0	0	3,756,916
8,297,378	0	334,814	8,985,810
0	2,795,596	1,252,566	17,606,822
0	0	117,580	353,247
0	0	713,452	820,410
0	0	949,991	949,991
0	568,051	606,929	2,101,360
128,413	118,816	1,440,429	2,251,773
24,861	9,837	729,970	839,932
<u>8,450,652</u>	<u>3,492,300</u>	<u>11,854,330</u>	<u>56,376,263</u>
<u>726,303</u>	<u>(684,428)</u>	<u>(2,863,447)</u>	<u>(826,508)</u>
0	0	11,646	11,646
0	562,918	0	568,697
0	0	1,571,448	1,901,479
0	0	(86,112)	(1,901,479)
<u>0</u>	<u>562,918</u>	<u>1,496,982</u>	<u>580,343</u>
726,303	(121,510)	(1,366,465)	(246,165)
<u>4,282,347</u>	<u>1,272,648</u>	<u>6,422,030</u>	<u>13,641,001</u>
<u>\$5,008,650</u>	<u>\$1,151,138</u>	<u>\$5,055,565</u>	<u>\$13,394,836</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, 2008

**Net Change in Fund Balances - Total Governmental Funds** (\$246,165)

*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	2,371,192	
Construction in progress additions	520,930	
Depreciation expense	<u>(3,126,612)</u>	
Excess of depreciation expense over capital outlay		(234,490)

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		(597,314)
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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	102,195	
Revenue in lieu of taxes	2,200	
Intergovernmental	604,379	
Investment Earnings	(217)	
Miscellaneous	<u>(28,045)</u>	
Total revenues		680,512

The increase in the County's investment interest of its joint venture is not reported in the governmental fund statements but is included in program revenues in the Statement of Activities

12,866

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 loans		(11,646)
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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.

(568,697)

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	11,148	
Bond principal payments	828,045	
Bond anticipation notes principal payments	762,000	
Capital lease payments	<u>650,580</u>	
Total long-term debt repayments		2,251,773

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:

Decrease in compensated absences payable		222,246
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Amortization of bond issuance costs, bond premiums, 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	2,813	
Amortization of premium on general obligation bonds	205	
Amortization of bond issuance costs	(14,752)	
Amortization of loss on refunding	<u>(23,767)</u>	
		<u>(35,501)</u>

**Change in Net Assets of Governmental Activities** \$1,473,584

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, 2008

	<u>Budgeted Amounts</u>		<i>Actual</i>	<i>Variance Positive (Negative)</i>
	<i>Original</i>	<i>Final</i>		
<b><u>Revenues:</u></b>				
Property Taxes	\$1,546,840	\$1,430,270	\$1,617,543	\$187,273
Other Local Taxes	375,000	375,000	355,823	(19,177)
Sales Tax	8,400,000	9,026,737	9,216,680	189,943
Revenue in Lieu of Taxes	885	885	885	0
Charges for Services	1,758,349	1,954,348	2,112,717	158,369
Licenses and Permits	6,200	6,200	4,631	(1,569)
Fines and Forfeitures	139,900	139,900	127,250	(12,650)
Intergovernmental	1,817,626	1,934,196	1,930,523	(3,673)
Investment Earnings	800,530	800,530	333,221	(467,309)
Rent	2,000	2,000	2,171	171
Miscellaneous	582,098	130,119	469,028	338,909
<b>Total Revenues</b>	<b>15,429,428</b>	<b>15,800,185</b>	<b>16,170,472</b>	<b>370,287</b>
<b><u>Expenditures:</u></b>				
Current:				
General Government:				
Legislative and Executive	6,251,271	6,992,905	6,993,394	(489)
Judicial	1,743,492	1,990,233	1,990,233	0
Public Safety:				
Sheriff	4,968,114	3,807,288	3,807,288	0
Other	518,254	562,212	562,212	0
Public Works	180,400	0	0	0
Health	337,798	366,653	366,653	0
Human Services	745,323	412,212	412,212	0
Conservation and Recreation	180,200	165,265	165,265	0
Economic Development and Assistance	109,450	107,637	107,637	0
Capital Outlay	5,000	6,060	6,060	0
Debt Service:				
Principal Retirement	53,045	53,045	53,045	0
Interest and Fiscal Charges	15,166	15,501	15,501	0
<b>Total Expenditures</b>	<b>15,107,513</b>	<b>14,479,011</b>	<b>14,479,500</b>	<b>(489)</b>
Excess of Revenues Over Expenditures	321,915	1,321,174	1,690,972	369,798
<b><u>Other Financing Sources (Uses):</u></b>				
Advances Out	0	0	(40,000)	(40,000)
Transfers In	4,164,912	1,150,104	65,225	(1,084,879)
Transfers Out	(4,485,531)	(2,638,392)	(1,858,288)	780,104
<b>Total Other Financing Sources (Uses)</b>	<b>(320,619)</b>	<b>(1,488,288)</b>	<b>(1,833,063)</b>	<b>(344,775)</b>
<b>Net Change in Fund Balance</b>	<b>1,296</b>	<b>(167,114)</b>	<b>(142,091)</b>	<b>25,023</b>
<b>Fund Balance (Deficit) at Beginning of Year</b>	<b>(2,077,890)</b>	<b>(2,077,890)</b>	<b>(2,077,890)</b>	<b>0</b>
<b>Prior Year Encumbrances Appropriated</b>	<b>158,338</b>	<b>158,338</b>	<b>158,338</b>	<b>0</b>
<b>Fund Balance (Deficit) at End of Year</b>	<b>(\$1,918,256)</b>	<b>(\$2,086,666)</b>	<b>(\$2,061,643)</b>	<b>\$25,023</b>

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, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues:</u></b>				
Intergovernmental	\$14,381,552	\$11,180,854	\$11,279,948	\$99,094
Miscellaneous	421,068	217,482	156,436	(61,046)
<i>Total Revenues</i>	14,802,620	11,398,336	11,436,384	38,048
<b><u>Expenditures:</u></b>				
Current:				
Human Services	14,659,596	14,349,765	14,085,002	264,763
Excess of Revenues Over (Under) Expenditures	143,024	(2,951,429)	(2,648,618)	302,811
<b><u>Other Financing Sources:</u></b>				
Transfers In	355,000	355,000	316,951	(38,049)
<i>Net Change in Fund Balance</i>	498,024	(2,596,429)	(2,331,667)	264,762
<i>Fund Balance at Beginning of Year</i>	1,906,107	1,906,107	1,906,107	0
<i>Prior Year Encumbrances Appropriated</i>	690,322	690,322	690,322	0
<i>Fund Balance at End of Year</i>	<u>\$3,094,453</u>	<u>\$0</u>	<u>\$264,762</u>	<u>\$264,762</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, 2008

	<u>Budgeted Amounts</u>			<i>Variance Positive (Negative)</i>
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	
<b><u>Revenues:</u></b>				
Charges for Services	\$16,514	\$15,881	\$15,881	\$0
Fines and Forfeitures	27,000	27,000	20,631	(6,369)
Intergovernmental	4,509,996	4,509,996	4,624,086	114,090
Investment Earnings	81,000	81,000	31,488	(49,512)
Miscellaneous	41,486	41,486	22,500	(18,986)
<i>Total Revenues</i>	<u>4,675,996</u>	<u>4,675,363</u>	<u>4,714,586</u>	<u>39,223</u>
<b><u>Expenditures:</u></b>				
Current:				
Public Works	4,847,788	4,958,268	4,086,264	872,004
Capital Outlay	1,012,208	1,013,684	920,320	93,364
<i>Total Expenditures</i>	<u>5,859,996</u>	<u>5,971,952</u>	<u>5,006,584</u>	<u>965,368</u>
Excess of Revenues Over (Under) Expenditures	(1,184,000)	(1,296,589)	(291,998)	1,004,591
<b><u>Other Financing Sources:</u></b>				
Transfers In	182,000	46,302	7,080	(39,222)
<i>Net Change in Fund Balance</i>	(1,002,000)	(1,250,287)	(284,918)	965,369
<i>Fund Balance at Beginning of Year</i>	1,352,935	1,352,935	1,352,935	0
<i>Prior Year Encumbrances Appropriated</i>	<u>104,955</u>	<u>104,955</u>	<u>104,955</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$455,890</u>	<u>\$207,603</u>	<u>\$1,172,972</u>	<u>\$965,369</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, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<i>Variance Positive (Negative)</i>
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues:</u></b>				
Property Taxes	\$3,434,396	\$3,028,575	\$3,443,912	\$415,337
Revenue in Lieu of Taxes	35,342	35,342	35,342	0
Charges for Services	105,000	105,000	217,081	112,081
Intergovernmental	3,963,144	4,271,629	5,074,844	803,215
Investment Earnings	4,000	4,000	2,709	(1,291)
Contributions and Donations	14,000	14,000	10,228	(3,772)
Miscellaneous	14,959	14,959	110,111	95,152
<i>Total Revenues</i>	<u>7,570,841</u>	<u>7,473,505</u>	<u>8,894,227</u>	<u>1,420,722</u>
<b><u>Expenditures:</u></b>				
Current:				
Health	7,729,636	9,077,830	8,418,200	659,630
Debt Service:				
Principal Retirement	0	7,287	7,287	0
Interest and Fiscal Charges	0	1,257	1,257	0
<i>Total Expenditures</i>	<u>7,729,636</u>	<u>9,086,374</u>	<u>8,426,744</u>	<u>659,630</u>
<i>Net Change in Fund Balance</i>	(158,795)	(1,612,869)	467,483	2,080,352
<i>Fund Balance at Beginning of Year</i>	4,202,133	4,202,133	4,202,133	0
<i>Prior Year Encumbrances Appropriated</i>	<u>77,302</u>	<u>77,302</u>	<u>77,302</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$4,120,640</u></u>	<u><u>\$2,666,566</u></u>	<u><u>\$4,746,918</u></u>	<u><u>\$2,080,352</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, 2008

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<b><u>Revenues:</u></b>				
Property Taxes	\$686,016	\$614,404	\$711,785	\$97,381
Revenue in Lieu of Taxes	9,437	9,437	9,437	0
Charges for Services	285,000	285,000	0	(285,000)
Intergovernmental	2,033,581	1,804,193	1,995,097	190,904
Contributions and Donations	10,000	10,000	8,295	(1,705)
Miscellaneous	170,469	0	636	636
<i>Total Revenues</i>	3,194,503	2,723,034	2,725,250	2,216
<b><u>Expenditures:</u></b>				
Current:				
Human Services	3,783,450	3,846,625	2,897,401	949,224
Capital Outlay	25,000	5,133	5,133	0
<i>Total Expenditures</i>	3,808,450	3,851,758	2,902,534	949,224
<i>Net Change in Fund Balance</i>	(613,947)	(1,128,724)	(177,284)	951,440
<i>Fund Balance at Beginning of Year</i>	1,167,051	1,167,051	1,167,051	0
<i>Prior Year Encumbrances Appropriated</i>	43,308	43,308	43,308	0
<i>Fund Balance at End of Year</i>	\$596,412	\$81,635	\$1,033,075	\$951,440

See Accompanying Notes to the Basic Financial Statements

**SCIOTO COUNTY, OHIO**  
Statement of Fund Net Assets  
Enterprise Fund  
December 31, 2008

	<u>Sewer Fund</u>
<b><u>Assets:</u></b>	
<b><u>Current Assets:</u></b>	
Equity in Pooled Cash and Cash Equivalents	\$512,305
Cash and Cash Equivalents in Segregated Accounts	390,340
Cash and Cash Equivalents with Trustee	99,543
Materials and Supplies Inventory	5,970
Accounts Receivable	1,371,743
Prepaid Items	8,736
	<hr/>
<i>Total Current Assets</i>	<i>2,388,637</i>
<b><u>Non-Current Assets:</u></b>	
Deferred Charges	48,863
Capital Assets:	
Land	18,480
Construction in Progress	16,840
Depreciable Capital Assets, Net	16,186,515
	<hr/>
<i>Total Non-Current Assets</i>	<i>16,270,698</i>
	<hr/>
<i>Total Assets</i>	<i>18,659,335</i>
<b><u>Liabilities:</u></b>	
<b><u>Current Liabilities:</u></b>	
Accounts Payable	17,380
Accrued Wages and Benefits Payable	18,427
Due to Other Governments	47,201
Accrued Interest Payable	117,131
General Obligation Bonds Payable	180,084
Mortgage Revenue Bonds Payable	35,000
Farmer's Home Administration Bonds Payable	55,369
Ohio Public Works Commission Loans Payable	38,569
Compensated Absences Payable	48,655
	<hr/>
<i>Total Current Liabilities</i>	<i>557,816</i>
<b><u>Long-Term Liabilities (Net of Current Portion):</u></b>	
General Obligation Bonds Payable	3,554,171
Mortgage Revenue Bonds Payable	35,000
Farmer's Home Administration Bonds Payable	2,945,715
Ohio Public Works Commission Loans Payable	619,020
Compensated Absences Payable	28,435
	<hr/>
<i>Total Long-Term Liabilities</i>	<i>7,182,341</i>
	<hr/>
<i>Total Liabilities</i>	<i>7,740,157</i>
<b><u>Net Assets:</u></b>	
Invested in Capital Assets, Net of Related Debt	8,807,770
Unrestricted	2,111,408
	<hr/>
<i>Total Net Assets</i>	<i>\$10,919,178</i>
	<hr/>

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, 2008

	<u>Sewer Fund</u>
<b><u>Operating Revenues:</u></b>	
Charges for Services	<u>\$2,752,409</u>
<b><u>Operating Expenses:</u></b>	
Personal Services	625,682
Fringe Benefits	368,658
Contractual Services	634,933
Materials and Supplies	123,887
Depreciation	378,532
Other	<u>1,422</u>
<i>Total Operating Expenses</i>	<u>2,133,114</u>
Operating Income	<u>619,295</u>
<b><u>Non-Operating Revenues (Expenses):</u></b>	
Investment Earnings	1,706
Interest and Fiscal Charges	(382,023)
Other Non-Operating Revenues	<u>339</u>
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(379,978)</u>
Income Before Capital Grants	239,317
Capital Grants	<u>219,894</u>
<i>Net Income</i>	459,211
<i>Net Assets At Beginning of Year</i>	<u>10,459,967</u>
<i>Net Assets At End of Year</i>	<u><u>\$10,919,178</u></u>

See Accompanying Notes to the Basic Financial Statements

**SCIOTO COUNTY, OHIO**  
Statement of Cash Flows  
Enterprise Fund  
For the Year Ended December 31, 2008

	<i>Sewer Fund</i>
<b><u>Increase (Decrease) in Cash and Cash Equivalents:</u></b>	
<b><u>Cash Flows from Operating Activities:</u></b>	
Cash Received from Charges for Services	\$2,578,648
Cash Payments to Suppliers for Goods and Services	(844,812)
Cash Payments to Employees for Services	(629,526)
Cash Payments for Employee Benefits	(368,658)
Cash Payments for Other Operating Expenses	(1,862)
	733,790
 <b><u>Cash Flows from Capital and Related Financing Activities:</u></b>	
Proceeds of Loan	201,860
Capital Grants Received	896,418
Aquisition of Capital Assets	(1,177,423)
Principal paid on Bonds and Loans	(290,159)
Interest paid on Bonds and Loans	(367,703)
Other Non-Operating Revenues	301
	(736,706)
 <b><u>Cash Flows from Investing Activities:</u></b>	
Investment Earnings	1,706
	(1,210)
 <i>Cash and Cash Equivalents at Beginning of Year</i>	
	1,003,398
 <i>Cash and Cash Equivalents at End of Year</i>	
	\$1,002,188
 <b><u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</u></b>	
Operating Income	\$619,295
 <b><u>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities</u></b>	
Depreciation	378,532
Increase in Accounts Receivable	(173,799)
Increase in Prepaid Items	(51)
Increase in Materials and Supplies Inventory	(4,760)
Decrease in Accounts Payable	(35,514)
Decrease in Compensated Absences Payable	(5,333)
Decrease in Intergovernmental Payable	(50,084)
Increase in Accrued Wages and Benefits Payable	5,504
	114,495
 <i>Net Cash Provided by Operating Activities</i>	
	\$733,790

See Accompanying Notes to the Basic Financial Statements



**SCIOTO COUNTY, OHIO**  
Statement of Fiduciary Assets and Liabilities  
Agency Funds  
December 31, 2008

**Assets:**

Equity in Pooled Cash and Cash Equivalents	\$3,550,445
Cash and Cash Equivalents in Segregated Accounts	808,757
Receivables:	
Property Taxes	38,128,245
Accounts	1,002,130
Revenue in Lieu of Taxes	415,830
Due from Other Governments	<u>3,430,171</u>
 <i>Total Assets</i>	 <u><u>\$47,335,578</u></u>

**Liabilities:**

**Current Liabilities:**

Due to Other Governments	\$42,991,376
Undistributed Monies	<u>4,344,202</u>
 <i>Total Liabilities</i>	 <u><u>\$47,335,578</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 25 relates to the primary government. Information related to the discretely presented component units is presented in Note 26.

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 18, 19, and 20 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 6.) Revenue from permissive sales tax is recognized in the period in which the sales occur. (See Note 7.) 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, 2008, but were levied to finance 2009 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 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 with Escrow Agent and Restricted Assets: Investments with Escrow Agent," on the financial statements.

During the year, the County's investments were limited to a repurchase agreement, nonnegotiable certificates of deposit, and STAROhio. The repurchase agreement and nonnegotiable certificates of deposits are reported at cost.

The County has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during 2008. 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, 2008.

Interest income is distributed to the funds according to Ohio constitutional and statutory requirements. Interest revenue credited to the General Fund during 2008 amounted to \$321,287, 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, 2008, are recorded as prepaid items 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	5-30 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.

**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. A liability is accrued for all full-time employees based on their sick leave balance at year-end.

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.

**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, and loans receivable. Under Ohio law, unclaimed monies are not available for appropriation until they have remained unclaimed for five years. The reserve for loans receivable is the portion of the Revolving Loan Fund that is not expected to be repaid in 2008.

**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/LOSS**

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.

**INTERNAL ACTIVITY**

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

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

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds 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. Restricted net assets 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. Net assets restricted for other purposes consist mainly of expenditures for legislative and executive purposes.

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 \$17,463,279 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 18). 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 - ACCOUNTABILITY AND COMPLIANCE**

**ACCOUNTABILITY**

The General Fund, the Juvenile Detention Center Special Revenue Fund, the General Purpose Bond Debt Service Fund, and the Burke's Point Project and Ginat Run Dredging Project Capital Projects Funds had deficit fund balances of \$1,300,251, \$388,211, \$6,473, \$14,610, and \$34,200, respectively, at December 31, 2008. 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.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE (Continued)**

**COMPLIANCE**

The General Fund had original appropriations in excess of original estimated revenues and available fund balance of \$1,918,256 for the year ended December 31, 2008.

The General Fund had final appropriations in excess of final estimated revenues and available fund balance of \$2,086,666 for the year ended December 31, 2008.

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 had a negative balance of \$2,061,643 and the Juvenile Detention Center Special Revenue Fund had a negative balance of \$399,170.

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 \$450,000 which was received and deposited into the General Fund to pay general operating expenses.

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

Ohio Revised Code Section 5705.10(H) states that money paid into any fund shall be used only for the purposes for which such fund is established. The Scioto County Commissioners entered into a twenty year lease/purchase agreement for an Energy Conservation Project on the Scioto County Courthouse and the Jobs and Family Services Building on March 14, 2006. The percentage breakdown of the project was determined to be 64.53% for the Scioto County Courthouse and 35.47% for the Jobs and Family Services Building. Based on these percentages, the semi-annual lease payments of \$78,303 were to be paid \$50,529 from the General Fund and \$27,774 from the Public Assistance Fund. Actual payments were made from incorrect funds.

Ohio Rev. Code Section 5705.36(A)(4) states that upon 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. At December 31, 2008, the County had actual resources in the General Fund below the current level of appropriation in the amount of \$2,528,494.

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 fund level in the Juvenile Detention Fund in the amount of \$399,169 at December 31, 2008.

**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.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE (Continued)**

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 the \$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 complete Final Performance Reports prior to submission deadlines.

OMB Circular A-133 Section \_300(d) states that the auditee shall prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with Section\_310. Errors in the Schedule of Federal Awards Expenditures resulted in inaccurate reporting of the federal awards under OMB Circular A-133 requiring audit adjustments to the federal schedule

**NOTE 4 - 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.

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, 2008

**NOTE 4 - 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	(\$210,789)	\$711,243	\$15,053	\$726,303	(\$121,510)
Increases (Decreases) Due To:					
Revenue Accruals	(67,873)	(2,174,141)	23,691	(254,370)	(684,691)
Expenditure Accruals	434,048	(576,351)	(126,932)	117,168	656,266
Encumbrances	(225,403)	(296,439)	(201,028)	(93,260)	(66,500)
Unrecorded Cash - 2007	145,462	9,457	4,839	113,028	117,243
Unrecorded Cash - 2008	(154,402)	(5,436)	(541)	(141,386)	(78,092)
Transfers	16,304	0	0	0	0
Advances	(40,000)	0	0	0	0
Unbudgeted Activity	(39,438)	0	0	0	0
Budget Basis	<u>(\$142,091)</u>	<u>(\$2,331,667)</u>	<u>(\$284,918)</u>	<u>\$467,483</u>	<u>(\$177,284)</u>

**NOTE 5 - 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;
4. Bonds and other obligations of the State of Ohio or its political subdivisions;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;

**NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)**

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2).
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.

Custodial credit risk for deposits is the risk that in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year-end, \$138,654 of the County's bank balance of \$16,741,597 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the County to a successful claim by the FDIC.

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.

**NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)**

**INVESTMENTS**

As of December 31, 2008, the County had the following investments.

	<u>Fair Value</u>	<u>Maturity Date</u>
STAROhio	\$74,475	average 55 days
Repurchase Agreement	634,504	1/2/2009
Total	<u>\$708,979</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 security for the Repurchase Agreement is Federal National Mortgage Association - Remic Bonds which carry a credit rating of AAA. 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 89.5 percent of the County's total investments.

**NOTE 6 - 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 2008 for real and public utility property taxes represents collections of 2007 taxes. Property tax payments received during 2008 for tangible personal property (other than public utility property) are for 2008 taxes.

2008 real property taxes are levied after October 1, 2008, on the assessed value as of January 1, 2008, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2008 real property taxes are collected in and intended to finance 2009.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2008 public utility property taxes became a lien December 31, 2007, are levied after October 1, 2008, and are collected in 2009 with real property taxes.

**SCIOTO COUNTY, OHIO**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

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**NOTE 6 - PROPERTY TAXES (Continued)**

Tangible personal property taxes received in 2008 were levied after October 1, 2007, on the value as of December 31, 2007. 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 2008 is 6.25 percent. This will be reduced to zero for 2009.

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 full tax rate for all County operations for the year ended December 31, 2008, was \$8.98 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2008 property tax receipts were based are as follows:

Category	Assessed Value
Real Property:	
Residential/Agricultural	\$653,930,100
Commercial/Industrial/Public Utility	148,483,090
Public Utility Real	12,670,380
Public Utility Personal	71,147,270
General Business Personal	21,950,490
Total Assessed Value	\$908,181,330

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, 2008, 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 2008 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 7 - 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.

**NOTE 7 - PERMISSIVE SALES TAX (Continued)**

A receivable is recognized at year-end for amounts that will be received from sales which occurred during 2008.

**NOTE 8 - RECEIVABLES**

Receivables at December 31, 2008, consisted of taxes, accounts (billings for user charged services), accrued interest, interfund activity, receivables in lieu of taxes, receivables due from other governments arising from grants and shared revenues, receivables 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 and loans. 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 County maintains a revolving loan program for local businesses to encourage business development in the County. The loans receivable balance at December 31, 2008, was \$586,257, of which \$75,542 is considered to be due within one year.

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

**SCIOTO COUNTY, OHIO**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

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**NOTE 8 - RECEIVABLES (Continued)**

	<i>Amount</i>
<u>Intergovernmental Receivables</u>	
Local Government	\$725,390
Indigent Defense Reimbursement	65,746
Juvenile Detention Center Contractual Services	41,190
Human Services Grant	1,211,283
Child Support Poundage	18,170
Board of MRDD Contractual Services	713,572
Children Services Reimbursements	252,517
Court Fines and Fees	16,009
High Visibility Enforcement Overtime Grant	4,948
Homestead and Rollback	465,487
Furtherance of Justice Reimbursement	1,987
REACH Grants	68,107
Felony Delinquent Care and Custody Grant	133,700
Community Corrections Act Grant	56,926
Homeland Security Grant	80,562
School Lunch Reimbursement	3,828
Special Education Grant	54,568
Innovative Programs Grant	74
Forest Patrol Grant	2,242
Prevention Through Family Grant	39,304
Social Security Incentive Program	800
Inmate Medical Reimbursement	495
Educational Options for Children	34,923
Rural Transit Grant	76,759
Hearing Impaired Grant	17,500
VOCA Grant	52,953
United Way Grant	5,000
Community Development Block Grants	786,920
Ohio Department of Development Grant	250,000
Supreme Court of Ohio Mediation Grant	41,281
Byrne Justice Assistance Grant	15,129
Wireless 911 Surcharge	12,863
Provision of Jail Facility Services to Other Entities	416,898
Access Scioto County Contractual Services	43,710
Cooperative Boating Facility Grant	14,610
Recreation Harbor Evaluation Grant	34,200
Emergency Management Grant	27,489
TANF Demonstration Grant	371,343
Citizen Corps Program Grant	4,146
Health Foundation Grant	65,440
Gasoline Tax	1,179,037
Motor Vehicle License Tax	1,182,837
Total Intergovernmental Receivables	<b>\$8,589,943</b>

**SCIOTO COUNTY, OHIO**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

**NOTE 9 - CAPITAL ASSETS**

Capital assets activity of the governmental activities for the year ended December 31, 2008, was as follows:

	Balance At 12/31/2007	Additions	Deletions	Balance At 12/31/2008
<b><u>Governmental Activities</u></b>				
Capital Assets, Not Being Depreciated:				
Land	\$1,866,742	\$0	\$0	\$1,866,742
Construction in Progress	56,292	520,930	(562,918)	14,304
Total Capital Assets, Not Being Depreciated	<u>1,923,034</u>	<u>520,930</u>	<u>(562,918)</u>	<u>1,881,046</u>
Depreciable Capital Assets:				
Land Improvements	106,746	0	0	106,746
Buildings and Building Improvements	43,024,588	712,424	0	43,737,012
Furniture, Fixtures, and Equipment	5,529,007	263,093	(57,438)	5,734,662
Vehicles	5,903,090	229,050	(1,196,377)	4,935,763
Infrastructure	53,502,681	1,729,543	(629,191)	54,603,033
Total Depreciable Capital Assets	<u>108,066,112</u>	<u>2,934,110</u>	<u>(1,883,006)</u>	<u>109,117,216</u>
Less Accumulated Depreciation:				
Land Improvements	(61,697)	(3,809)	0	(65,506)
Buildings and Building Improvements	(7,747,031)	(841,573)	0	(8,588,604)
Furniture, Fixtures, and Equipment	(2,966,159)	(528,811)	48,371	(3,446,599)
Vehicles	(3,876,540)	(389,973)	1,102,442	(3,164,071)
Infrastructure	(17,832,107)	(1,362,446)	134,879	(19,059,674)
Total Accumulated Depreciation	<u>(32,483,534)</u>	<u>(3,126,612) *</u>	<u>1,285,692</u>	<u>(34,324,454)</u>
Depreciable Capital Assets, Net	<u>75,582,578</u>	<u>(192,502)</u>	<u>(597,314)</u>	<u>74,792,762</u>
Governmental Activities Capital Assets, Net	<u>\$77,505,612</u>	<u>\$328,428</u>	<u>(\$1,160,232)</u>	<u>\$76,673,808</u>

\*Depreciation expense was charged to governmental programs as follows:

General Government:	
Legislative and Executive	\$228,142
Judicial	66,753
Public Safety:	
Sheriff	426,006
Other	288,062
Public Works	1,441,075
Health	201,624
Human Services	175,147
Conservation and Recreation	229,065
Transportation	70,738
Total Depreciation Expense	<u>\$3,126,612</u>

**SCIOTO COUNTY, OHIO**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

**NOTE 9 - CAPITAL ASSETS (Continued)**

Capital assets activity of the business-type activities for the year ended December 31, 2008, was as follows:

	Balance At 12/31/2007	Additions	Deletions	Balance At 12/31/2008
<b><u>Business-Type Activities</u></b>				
Capital Assets, Not Being Depreciated:				
Land	\$18,480	\$0	\$0	\$18,480
Construction in Progress	126,920	47,225	(157,305)	16,840
Total Capital Assets, Not Being Depreciated	145,400	47,225	(157,305)	35,320
Depreciable Capital Assets:				
Buildings and Building Improvements	6,988,528	202,954	0	7,191,482
Furniture, Fixtures, and Equipment	686,397	38,520	0	724,917
Vehicles	287,652	13,000	0	300,652
Infrastructure	13,214,443	1,025,768	0	14,240,211
Total Depreciable Capital Assets	21,177,020	1,280,242	0	22,457,262
Less Accumulated Depreciation:				
Buildings and Building Improvements	(2,241,166)	(141,970)	0	(2,383,136)
Furniture, Fixtures, and Equipment	(665,237)	(4,909)	0	(670,146)
Vehicles	(197,131)	(15,580)	0	(212,711)
Infrastructure	(2,788,681)	(216,073)	0	(3,004,754)
Total Accumulated Depreciation	(5,892,215)	(378,532)	0	(6,270,747)
Depreciable Capital Assets, Net	15,284,805	901,710	0	16,186,515
Business-Type Activities				
Capital Assets, Net	\$15,430,205	\$948,935	(\$157,305)	\$16,221,835

**NOTE 10 - 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 19) 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.



**NOTE 10 - RISK MANAGEMENT (Continued)**

For 2008, the County participated in the County Commissioners' Association of Ohio Workers' Compensation Group Rating Plan (the Plan), a group purchasing pool. (See Note 19) 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 60 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 11 - 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 pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the combined plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the traditional pension plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional pension and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

**NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)**

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For 2008, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional pension plan. The 2008 member contribution rates were 10.0 percent for members in state and local classifications, while public safety and law enforcement members contributed 10.1 percent.

The 2008 contribution rate for state and local employers was 14.0 percent of covered payroll. For both the law enforcement and public safety divisions, the employer contribution rate for 2008 was 17.4 percent. The County's required contributions for pension obligations to the traditional pension and combined plans for the years ended December 31, 2008, 2007, and 2006 were \$1,656,197, \$1,852,726, and \$1,549,538, respectively; 88.52 percent has been contributed for 2008 and 100 percent for 2007 and 2006. Contributions to the member-directed plan for 2008 were \$30,388 made by the County and \$21,706 made by plan members.

**STATE TEACHERS RETIREMENT SYSTEM OF OHIO**

Plan Description - Certified teachers, employed by the School for Mental Retardation and Developmental Disabilities, contribute 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 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans, a defined benefit (DB) plan, a defined contribution (DC) plan and a combined plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds 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 member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The combined plan offers features of both the DC plan and the DB plan. In the combined plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB plan. The DB portion of the combined plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or combined plan member with five or more years of credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC plan who become disabled are entitled only to their account balance. If a member of the DC plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

**NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)**

Funding Policy - For the fiscal year ended June 30, 2008, 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 2007, 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 STRS Ohio for the years ended December 31, 2008, 2007, and 2006 were \$80,557, \$80,145, and \$59,170, respectively; 93.06 percent has been contributed for 2008 and 100 percent for 2007 and 2006.

**NOTE 12 - POSTEMPLOYMENT BENEFITS**

**OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM**

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan – a cost-sharing, multiple-employer defined benefit plan; the Member-Directed Plan – a defined contribution plan; and the combined plan – a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

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

In order to qualify for post-employment health care coverage, age and service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement No. 45. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

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

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

**NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)**

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2008, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 17.4 percent. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law and public safety employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care Plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. For 2008, the employer contribution allocated to the health care plan was 7.0 percent of covered payroll. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The rates stated above are the contractually required contribution rates for OPERS. The County's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2008, 2007, and 2006 were \$1,584,606, \$1,360,367, and \$730,235, respectively; 88.52 percent has been contributed for 2008 and 100 percent for 2007 and 2006.

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

**STATE TEACHERS RETIREMENT SYSTEM OF OHIO**

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2008, STRS Ohio allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. The County's contributions for health care for the years ended December 31, 2008, 2007, and 2006 were \$6,197, \$6,165, and \$4,552, respectively; 93.06 percent has been contributed for 2008 and 100 percent for 2007 and 2006.

**NOTE 13 - 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 with eight hours effective on July 1, November 1, and March 1. They must use the leave by June 30 or forfeit it.

**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 14 - LEASES – LESSEE DISCLOSURE**

During 2008, 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.

**NOTE 14 - LEASES – LESSEE DISCLOSURE (Continued)**

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. In 2007, the County entered into a lease-purchase agreement for energy-saving renovations to the Children Services facilities. 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 projects for the facilities of the Board of Mental Retardation and Developmental Disabilities and for Children Services were completed in 2008. Monies related to the project for the Board of Mental Retardation and Developmental Disabilities were being held in the escrow bank account at year-end because a payment was made by the County for project construction costs that should have been paid from the escrow account. This money will be returned to the County. Monies related to the Children Services project that were being held in the escrow bank account at year-end will be paid to the contractor during 2009. Capital assets acquired under the lease-purchase agreement were 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. The lease for the Children Services facilities will expire in 2018.

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 \$3,760,281. 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 2008 totaled \$650,580 in the governmental funds.

The assets acquired through capital leases as of December 31, 2008, are as follows:

	Asset Value	Accumulated Depreciation	Net Book Value
Buildings and Improvements	\$2,650,818	\$64,371	\$2,586,447
Furniture, Fixtures, and Equipment	390,386	135,827	254,559
Vehicles	719,077	194,935	524,142
Total	<u>\$3,760,281</u>	<u>\$395,133</u>	<u>\$3,365,148</u>

**SCIOTO COUNTY, OHIO**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

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**NOTE 14 - 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, 2008:

Year Ending December 31,	Amount
2009	\$582,715
2010	525,518
2011	499,073
2012	337,420
2013	319,710
2014-2018	1,150,887
Total	3,415,323
Less: Amount Representing Interest	(528,297)
Present Value of Net Minimum Lease Payments	\$2,887,026

The County leases 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 2008 were \$21,748, which were paid from the Special Revenue Funds.

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

Year Ending December 31,	Amount
2009	\$20,085
2010	16,612
2011	856
Total	\$37,553

**NOTE 15 - 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 15 - 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. 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 \$73,763. Principal and interest paid for the current year and total net revenue were \$39,703 and \$998,166, 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, 2008

**NOTE 15 - 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 12/31/2007	Additions	Deletions	Principal Outstanding at 12/31/2008	Due Within One Year
<u>Business-Type Activities</u>					
<u>General Obligation Bonds</u>					
Franklin Furnace Sewer Improvement					
Bonds 1997 4.50% - \$846,000	\$748,870	\$0	\$12,275	\$736,595	\$12,828
West Portsmouth Sewer System					
Refunding Bonds 1999 4.50% - \$2,880,000	1,790,000	0	145,000	1,645,000	150,000
Unamortized Loss	(113,165)	0	(11,317)	(101,848)	0
Wheelersburg Wastewater Treatment					
Plant Bonds 2004 4.50% - \$1,200,000	1,152,030	0	13,370	1,138,660	13,970
Rigrish Sewer Bonds					
2006 4.50% - \$322,000	318,992	0	3,144	315,848	3,286
<b>Total Enterprise General Obligation Bonds</b>	<b>3,896,727</b>	<b>0</b>	<b>162,472</b>	<b>3,734,255</b>	<b>180,084</b>
<u>Mortgage Revenue Bonds</u>					
1970 5.375% - \$615,000	105,000	0	35,000	70,000	35,000
<u>Farmer's Home Administration (FHA) Bonds</u>					
FHA Bonds - West Portsmouth					
Improvement 1993 5.00% - \$825,000	691,100	0	13,500	677,600	14,200
FHA Bonds - Lucasville Phase II					
1995 4.50% - \$650,000	556,110	0	10,300	545,810	10,760
FHA Bonds - Lucasville Phase III					
1996 3.86% - \$842,500	733,548	0	12,774	720,774	13,349
FHA Bonds - West Portsmouth					
Phase VII 1999 4.50% - \$825,000	752,700	0	10,960	741,740	11,450
FHA Bonds - Lucasville Phase IV					
2001 4.75% - \$347,940	320,520	0	5,360	315,160	5,610
<b>Total FHA Bonds</b>	<b>3,053,978</b>	<b>0</b>	<b>52,894</b>	<b>3,001,084</b>	<b>55,369</b>
<u>OPWC Loans</u>					
2002 0% - \$162,352	117,703	0	8,118	109,585	8,118
2004 0% - \$162,100	133,729	0	8,106	125,623	8,106
2006 0% - \$235,543	223,765	0	11,778	211,987	11,778
2006 0% - \$9,482	9,008	0	474	8,534	474
2008 0% - \$201,860	0	201,860	0	201,860	10,093
<b>Total OPWC Loans</b>	<b>484,205</b>	<b>201,860</b>	<b>28,476</b>	<b>657,589</b>	<b>38,569</b>
<u>Other Long-Term Obligations</u>					
Compensated Absences	82,423	39,637	44,970	77,090	48,655
<b>Total Business-Type Activities</b>	<b>\$7,622,333</b>	<b>\$241,497</b>	<b>\$323,812</b>	<b>\$7,540,018</b>	<b>\$357,677</b>

**SCIOTO COUNTY, OHIO**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

**NOTE 15 - 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
2009	\$180,084	\$174,080	\$35,000	\$2,822	\$55,369	\$139,225	\$38,569
2010	191,438	166,276	35,000	941	57,950	136,648	38,569
2011	197,856	157,741	0	0	60,708	133,951	38,569
2012	209,327	148,875	0	0	63,534	131,125	38,569
2013	215,875	139,330	0	0	66,479	128,168	38,569
2014-2018	1,020,109	536,776	0	0	381,399	591,459	192,845
2019-2023	255,593	387,861	0	0	479,064	493,940	180,660
2024-2028	318,522	324,962	0	0	601,684	371,435	91,239
2029-2033	396,930	246,514	0	0	755,338	217,506	0
2034-2038	448,671	148,791	0	0	436,659	57,247	0
2039-2043	353,595	59,970	0	0	42,900	1,931	0
2044-2046	48,103	4,399	0	0	0	0	0
<b>Totals</b>	<b>\$3,836,103</b>	<b>\$2,495,575</b>	<b>\$70,000</b>	<b>\$3,763</b>	<b>\$3,001,084</b>	<b>\$2,402,635</b>	<b>\$657,589</b>

	Totals	
	Principal	Interest
2009	\$309,022	\$316,127
2010	322,957	303,865
2011	297,133	291,692
2012	311,430	280,000
2013	320,923	267,498
2014-2018	1,594,353	1,128,235
2019-2023	915,317	881,801
2024-2028	1,011,445	696,397
2029-2033	1,152,268	464,020
2034-2038	885,330	206,038
2039-2043	396,495	61,901
2044-2046	48,103	4,399
<b>Totals</b>	<b>\$7,564,776</b>	<b>\$4,901,973</b>

**NOTE 15 - 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, issued May 1, 2004, are being paid with monies received into the Debt Service Fund from the Public Assistance Special Revenue Fund. The refunded bonds were retired on August 1, 2004. The County Jail Bonds are being paid from general revenues of the County.

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, 2008, \$1,580,000 of the refunded bonds were 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.

**NOTE 15 - LONG-TERM OBLIGATIONS (Continued)**

State Infrastructure Bank Loan

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 received the proceeds of the loan from the Ohio Department of Transportation as expenditures were incurred. During 2007, the County received \$1,167,040; thus, adding to the long-term liability reported in 2006 of \$27,600. During 2008, the County received \$11,646 which was the final loan disbursement for the project and was added to the amounts received in 2006 and 2007 for a final loan amount of \$1,206,286. 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 expected to occur in 2009.

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, Board of Mental Retardation and Developmental Disabilities, Sheriff's Policing Rotary, and Coordinated Transportation Special Revenue Funds.

Compensated absences will be paid from the following governmental 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

**SCIOTO COUNTY, OHIO**  
Notes to the Basic Financial Statements  
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**NOTE 15 - 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 12/31/2007	Additions	Deletions	Principal Outstanding at 12/31/2008	Due Within One Year
<i><u>Governmental Activities</u></i>					
<i><u>General Obligation Bonds</u></i>					
Airport Facilities Bond					
2001 7.00% - \$55,000	\$16,652	\$0	\$8,045	\$8,607	\$8,607
Shelton Industries Bonds					
1999 8.05% - \$2,870,000	2,470,000	0	65,000	2,405,000	75,000
Various Purpose Bonds					
2000 5.7% - \$1,940,000	500,000	0	160,000	340,000	165,000
Juvenile Detention Center Bonds					
2000 5.80% - \$1,820,000	330,000	0	75,000	255,000	80,000
Human Services Refunding Bonds					
2004 2.00 - 3.25% - \$2,050,000	1,085,000	0	260,000	825,000	265,000
Unamortized Loss	(25,124)	0	(6,281)	(18,843)	0
County Jail Bonds					
2004 2.00 - 5.00% - \$6,135,000	5,645,000	0	170,000	5,475,000	175,000
Premium on Jail Bonds	4,503	0	205	4,298	0
Various Purpose Refunding Bonds					
2006 2.00 - 4.00 - 4.25% - \$2,930,000	2,850,000	0	90,000	2,760,000	90,000
Unamortized Loss	(87,430)	0	(17,486)	(69,944)	0
<b>Total General Obligation Bonds</b>	<b>12,788,601</b>	<b>0</b>	<b>804,483</b>	<b>11,984,118</b>	<b>858,607</b>
<i><u>Bond Anticipation Notes</u></i>					
Airport Hangar Bond Anticipation Note					
September 18, 2007 - 4.10% - \$95,000	75,000	0	75,000	0	0
Commercial Property Acquisition					
Bond Anticipation Note					
September 18, 2007 - 4.00% - \$262,000	237,000	0	237,000	0	0
Various Purpose Bond					
Anticipation Note					
September 18, 2007 - 6.25% - \$475,000	450,000	0	450,000	0	0
<b>Total Bond Anticipation Notes</b>	<b>762,000</b>	<b>0</b>	<b>762,000</b>	<b>0</b>	<b>0</b>
<i><u>Other Long-Term Obligations</u></i>					
MRDD Loan					
1986 3.00% - \$150,000	39,787	0	7,287	32,500	7,542
State Infrastructure Bank Loan - Arion					
Road Bridge 2006 - 3.00%	275,640	11,646	0	287,286	32,282
Riverside Park Tractor Loan 2007 - 4.47%	18,089	0	3,861	14,228	4,042
Capital Leases	2,968,909	568,697	650,580	2,887,026	456,549
Compensated Absences	2,177,397	784,644	1,006,890	1,955,151	1,210,559
<b>Total Other Long-Term Obligations</b>	<b>5,479,822</b>	<b>1,364,987</b>	<b>1,668,618</b>	<b>5,176,191</b>	<b>1,710,974</b>
<b>Total Governmental Activities</b>	<b>\$19,030,423</b>	<b>\$1,364,987</b>	<b>\$3,235,101</b>	<b>\$17,160,309</b>	<b>\$2,569,581</b>

**SCIOTO COUNTY, OHIO**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

**NOTE 15 - 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		MRDD Loan		Riverside Park Tractor		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
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	181	1,523	15	524,886	487,207
2013	550,000	464,992	709	2	0	0	550,709	464,994
201-2018	2,930,000	1,932,395	0	0	0	0	2,930,000	1,932,395
2019-2023	2,845,000	1,188,177	0	0	0	0	2,845,000	1,188,177
2024-2028	2,290,000	425,819	0	0	0	0	2,290,000	425,819
2029-2031	390,000	19,500	0	0	0	0	390,000	19,500
Totals	<u>\$12,068,607</u>	<u>\$6,186,928</u>	<u>\$32,500</u>	<u>\$2,387</u>	<u>\$14,228</u>	<u>\$1,146</u>	<u>\$12,115,335</u>	<u>\$6,190,461</u>

The County's total legal debt margin was \$18,789,577 at December 31, 2008, with an unvoted debt margin of \$6,666,857 at December 31, 2008.

**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, 2008, is \$30,600,000.

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, 2008, is \$6,181,817.

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, 2008, is \$1,520,000.

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, 2008, is \$905,000.

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, 2008, is \$127,600,000.

**SCIOTO COUNTY, OHIO**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

**NOTE 15 - 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 16 - BOND ANTICIPATION NOTES PAYABLE**

During 2008, the County retired the Airport Hanger Bond Anticipation Note in the amount of \$95,000 and reissued the Note in the amount \$75,000. The Note is presented as a fund liability on the financial statements. The note will mature on September 16, 2009.

During 2008, the County retired the Commercial Property Acquisition Bond Anticipation Note in the amount of \$262,000 and reissued the Note in the amount \$237,000. The Note is presented as a fund liability on the financial statements. The note will mature on September 16, 2009.

During 2008, the County retired the Various Purpose Bond Anticipation Note in the amount of \$475,000 and reissued the Note in the amount \$450,000. The Note is presented as a fund liability on the financial statements. The note will mature on September 16, 2009.

During 2008, the County issued the Burke's Point Landing Bond Anticipation Note in the amount of \$201,845. During 2008, \$16,500 of the Note was received. The Note is presented as a fund liability on the financial statements. The note will mature on December 18, 2009.

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

<u>Types / Issues</u>	<u>Balance 12/31/07</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 12/31/08</u>
<u>Governmental Activities</u>				
Airport Hangar Bond Anticipation Note				
September 18, 2007 - 4.10% - \$95,000	\$20,000	\$0	\$20,000	\$0
September 17, 2008 - 2.50% - \$75,000	0	75,000	0	75,000
Commercial Property Acquisition Bond Anticipation Note				
September 18, 2007 - 4.00% - \$262,000	25,000	0	25,000	0
September 17, 2008 - 5.00% - \$237,000	0	237,000	0	237,000
Various Purpose Bond Anticipation Note				
September 18, 2007 - 6.25% \$475,000	25,000	0	25,000	0
September 17, 2008 - 5.00% \$450,000	0	450,000	0	450,000
Burke's Point Landing Bond Anticipation Note				
November 26, 2008 - 4.02% - \$201,845	0	16,500	0	16,500
Total Governmental Activities	<u>\$70,000</u>	<u>\$778,500</u>	<u>\$70,000</u>	<u>\$778,500</u>

**SCIOTO COUNTY, OHIO**  
Notes to the Basic Financial Statements  
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**NOTE 16 - BOND ANTICIPATION NOTES PAYABLE (Continued)**

The activity related to the long-term obligation portion of the bond anticipation notes is presented in Note 15.

**NOTE 17 - INTERFUND ACTIVITY**

Interfund balances at December 31, 2008, consist of the following individual fund receivables and payables:

		Receivables						
Payables		General	Public Assistance	Motor Vehicle Gas Tax	Board of Mental Retardation and Developmental Disabilities	Children Services	Nonmajor Governmental Funds	Total
	General	\$0	\$43,213	\$0	\$2,067,867	\$0	\$528,617	\$2,639,697
Public Assistance	0	0	0	27,774	5,705	92,166	125,645	
Nonmajor Governmental Funds	53,723	0	154,600	399,170	0	22,053	629,546	
<b>Total</b>	<b>\$53,723</b>	<b>\$43,213</b>	<b>\$154,600</b>	<b>\$2,494,811</b>	<b>\$5,705</b>	<b>\$642,836</b>	<b>\$3,394,888</b>	

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 Motor Vehicle Gas Tax Fund advanced money to the Hayport Road Bridge Construction Nonmajor Fund. The Public Assistance Fund has outstanding payables to the Children Services Fund and other Nonmajor Governmental Funds for services provided through various contracts existing 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 in 2006 which was used for general operating expenditures. As of December 31, 2008, the General Fund had repaid \$50,000 of the advance, leaving a remaining balance of \$450,000 owed from the General Fund to other Nonmajor Governmental Funds. During 2007 and 2008, debt service payments were made from the Board of Mental Retardation and Developmental Disabilities Fund and the Board of Mental Retardation and Development Disabilities Capital Projects Fund that should have been made from the General Fund and the Public Assistance Fund for the Ameresco lease purchase agreement funded by the General Fund and the Public Assistance Fund. Since the payments have not been moved to the correct funds, the payments are presented as interfund receivables in the funds that are owed the monies and interfund payables in the funds that owe the monies.

During 2008, the County had negative cash balances in the General Fund and the Juvenile Detention Center Special Revenue Fund due to the costs of operations of the jail, court, and juvenile detention facilities. The County made advances from the Board of Mental Retardation and Developmental Disabilities Fund in the amounts of \$2,017,338 and \$399,170, respectively, to eliminate the negative cash balances in the General Fund and Juvenile Detention Center Special Revenue Fund.



**SCIOTO COUNTY, OHIO**  
Notes to the Basic Financial Statements  
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**NOTE 17 - INTERFUND ACTIVITY (Continued)**

Transfers made during the year ended December 31, 2008 were as follows:

		Transfers To				
		General	Public Assistance	Motor Vehicle Gas Tax	Nonmajor Governmental Funds	Total
Transfers From	General	\$0	\$316,951	\$7,080	\$1,491,336	\$1,815,367
	Nonmajor Governmental Funds	6,000	0	0	80,112	86,112
	<b>Total</b>	<b>\$6,000</b>	<b>\$316,951</b>	<b>\$7,080</b>	<b>\$1,571,448</b>	<b>\$1,901,479</b>

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. A transfer was made from the Certificate of Title Fund to the General Fund to purchase a platform lift for the maintenance department.

**NOTE 18 - 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.

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 2008.

**NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS / JOINT VENTURE (Continued)**

**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 30 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 2008; 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 48 member board includes 12 members from each participating county and includes 51 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 2008.

**OHIO VALLEY REGIONAL DEVELOPMENT COMMISSION**

The Ohio Valley Regional Development Commission is a jointly governed organization that serves a 12 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. The County contributed \$12,995 to the Commission during the year.

**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 2008, the County made no contributions to the CAO.

**NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS / JOINT VENTURE (Continued)**

**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 2008, 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 2008.

**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 15 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, Clinton, Fayette, Gallia, Highland, Jackson, Lawrence, Meigs, Pickaway, Pike, Ross, Scioto, and Vinton Counties. The County paid the Council \$56,393 for services provided during the year. Financial statements can be obtained from the Southern Ohio Council of Governments, 17273 St. Rte. 104, Building 8, 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 2008.

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 \$130,987 as of December 31, 2008. Complete financial statements can be obtained from the Solid Waste District located at Veterans Square, 3rd Floor, Ironton, OH 45638.

**NOTE 19 - 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 60 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 2008 was \$348,536.

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

**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.

**SCIOTO COUNTY, OHIO**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

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**NOTE 20 - 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 21 - CONTRACTUAL COMMITMENTS**

As of December 31, 2008, the County had the following contractual purchase commitments for various projects:

Project/Contractor	Contract Amount	Amount Expended	Balance at December 31, 2008
<i>Reappraisal - Tyler Technologies, Inc., Eden Park Sanitary Sewers</i>	\$760,000	\$79,384	\$680,616
Woolpert, Inc.	17,200	16,840	360
Totals	<u>\$777,200</u>	<u>\$96,224</u>	<u>\$680,976</u>

**NOTE 22 - 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, 2008, to December 31, 2008, 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 23 - 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 2008, these contributions were \$97,644.

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 2008, these contributions were \$57,744.

**NOTE 24 - FINANCIAL CONDITION**

During 2008, the County had negative cash balances in the General Fund and the Juvenile Detention Center Special Revenue Fund due to the costs of operations of the jail, court, and juvenile detention facilities. The County made advances from the Board of Mental Retardation and Developmental Disabilities Fund in the amounts of \$2,017,338 and \$399,170, respectively, to eliminate the negative cash balances in the General Fund and Juvenile Detention Center Special Revenue Fund.

**NOTE 25 - SUBSEQUENT EVENT**

On August 19, 2009, the Ohio Auditor of State declared a state of emergency, as defined by Ohio Revised Code Section 118, for Scioto County. The County's deficit fund balances required the State Auditor to declare the fiscal emergency which results in the appointment of a State commission to oversee the finances and assist in the development of a financial recovery plan. The commission will be responsible for approving the plan that eliminates the fiscal emergency conditions, balances the budget and avoids future deficits.

During June 2009, the County Engineer's Association repaid the entire amount of the loan on behalf of the County that was issued through the Ohio Department of Transportation State Infrastructure Bank for the construction of a bridge on Arion Road. The final amount of the loan was \$1,206,286.

**NOTE 26 - 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.

**SCIOTO COUNTY, OHIO**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

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**NOTE 26 - DISCRETELY PRESENTED COMPONENT UNITS (Continued)**

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, 2008, follows:

Machinery and Equipment	\$238,004
Less: Accumulated Depreciation	<u>(202,400)</u>
Total Capital Assets (net)	<u><u>\$35,604</u></u>

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

Long-Term Obligations - In 2006, STAR, Inc., issued a loan in the amount of \$15,965 at the rate of 7.00 percent interest for the purpose of purchasing a pickup truck. The loan will mature on December, 29, 2010.

The change in STAR Inc.’s, long-term obligations during the year consisted of the following:

	Outstanding at 12/31/2007	Additions	Deletions	Outstanding at 12/31/2008	Due Within One Year
Truck Loan - 2006					
7.00% 5 \$15,965	\$12,060	\$0	\$3,852	\$8,208	\$4,155

The following is a summary of STAR Inc.’s, future annual debt service requirements for long-term debt:

	Pickup Truck Loan	
	Principal	Interest
2009	\$4,155	\$442
2010	4,053	141
Totals	<u><u>\$8,208</u></u>	<u><u>\$583</u></u>

**SCIOTO COUNTY, OHIO**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

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**NOTE 26 - DISCRETELY PRESENTED COMPONENT UNITS (Continued)**

Restatement of Prior Year Net Assets - For 2008, STAR, Inc. made changes to materials and supplies inventory that resulted in the following change to net assets in the prior year:

Net Assets, December 31, 2007	\$210,370
Adjustment to Net Assets	(5,156)
Adjusted Net Assets, December 31, 2007	\$205,214

**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, 2008, follows:

Land	\$365,737
Construction in Progress	108,746
Land Improvements	399,893
Buildings	1,606,373
Machinery and Equipment	124,270
Vehicles	95,500
Infrastructure	423,816
Less: Accumulated Depreciation	(822,251)
Total Capital Assets (net)	\$2,302,084



**SCIOTO COUNTY, OHIO**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

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**NOTE 26 - DISCRETELY PRESENTED COMPONENT UNITS (Continued)**

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%	\$75,000
Airport Facilities Bonds	
2001 7.00% - \$55,000	<u>8,607</u>
 Total Payable to Primary Government	 <u><u>\$83,607</u></u>

Restatement of Prior Year Net Assets - For 2008, it was determined that intergovernmental receivables reported in the prior year were overstated. The overstatement resulted in the following change to net assets:

Net Assets, December 31, 2007	\$2,231,073
Adjustment to Net Assets	<u>(40,307)</u>
Adjusted Net Assets, December 31, 2007	<u><u>\$2,190,766</u></u>

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**SCIOTO COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

<u>FEDERAL GRANTOR/Pass Through Grantor/Program Title</u>	<u>Pass Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Disbursements</u>
<b><u>UNITED STATES DEPARTMENT OF AGRICULTURE</u></b>			
<i>Passed through Ohio Department of Education</i>			
<i>Nutrition Cluster:</i>			
School Breakfast Program	142612-05PU-2008	10.553	\$4,189
	142612-05PU-2009		<u>3,756</u>
Total School Breakfast Program			7,945
National School Lunch Program	142612-LLP4-2008	10.555	7,712
	142612-LLP4-2009		<u>6,827</u>
Total National School Lunch Program			14,539
Total Nutrition Cluster			<u>22,484</u>
TOTAL UNITED STATES DEPARTMENT OF AGRICULTURE			22,484
<b><u>UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>			
<i>Passed through Ohio Department of Development</i>			
Community Development Block Grants/State's Program	B-C-06-068-1	14.228	18,660
	B-F-06-068-1		59,511
	B-F-07-068-1		226,119
	B-F-08-068-1		2,500
	B-P-06-068-1		646,107
	B-W-06-068-1		<u>493,512</u>
Total Community Development Block Grants/State's Program			1,446,409
Home Investment Partnerships Program	B-C-06-068-2	14.239	<u>85,603</u>
TOTAL UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			1,532,012
<b><u>UNITED STATES DEPARTMENT OF JUSTICE</u></b>			
<i>Passed through the Ohio Department of Youth Services</i>			
Title V Delinquency Prevention Program	2006-JV-T50-5120	16.548	22,677
	2007-JV-T50-5120		<u>1,457</u>
Total Title V Delinquency Prevention Program			24,134
<i>Passed through the Office of the Ohio Attorney General</i>			
Crime Victim Assistance	2008VACHAE760	16.575	13,135
<i>Passed through the National CASA</i>			
Victims of Child Abuse	OH11162-07-0707-N1	16.547	27,321
<i>Direct from the United States Department of Justice</i>			
Edward Byrne Memorial Formula Assistance Grant Program	06-LE-11091400-013	16.579	68
<i>Passed through the City of Portsmouth , Ohio</i>			
Edward Byrne Memorial Justice Assistance Grant Program	2008-F1945-OH-DJ	16.738	<u>22,867</u>
TOTAL UNITED STATES DEPARTMENT OF JUSTICE			87,525
<b><u>UNITED STATES DEPARTMENT OF TRANSPORTATION</u></b>			
<i>Direct from the United States Federal Aviation Administration</i>			
Airport Improvement Program	3-39-0051-1007	20.106	9,783
	3-39-0069-1108		97,676
	3-39-0069-1208		10,522
	3-39-0069-0906		788
	3-39-0069-0704		<u>12,295</u>
Total Airport Improvement Program			131,064
<i>Passed Through Ohio Department of Transportation</i>			
<i>Highway Planning and Construction Cluster</i>			
Highway Planning and Construction - Grant	82903	20.205	685
Highway Planning and Construction - Loan	76170		<u>11,646</u>
Total Highway Planning and Construction			12,331
Formula Grants for Other Than Urbanized Areas	RPT-4073-027-081	20.509	323,316
	RPT-0073-027-082		<u>104,129</u>
Total Formula Grants for Other Than Urbanized Areas			427,445
Total Passed Through Ohio Department of Transportation			439,776
<i>Passed Through Ohio Department of Public Safety - Governor's Highway Safety Office</i>			
State and Community Highway Safety	HVEO-2008-73-00-00-00246-00	20.600	19,366
<i>Passed Through Ohio Environmental Protection Agency</i>			
Interagency Hazardous Materials Public Sector Training and Planning Grants	HMEP 15th Year	20.703	<u>2,616</u>
TOTAL UNITED STATES DEPARTMENT OF TRANSPORTATION			592,822
<b><u>APPALACHIAN REGIONAL COMMISSION</u></b>			
<i>Passed through the Ohio Department of Transportation</i>			
Appalachian Development Highway System	OH-15318-2006-I-201b	23.003	<u>66,519</u>
Total Highway Planning and Construction Cluster (CFDA#s 20.205 and 23.003)			78,850
TOTAL APPALACHIAN REGIONAL COMMISSION			66,519

**SCIOTO COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

<u>FEDERAL GRANTOR/Pass Through Grantor/Program Title</u>	<u>Pass Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Disbursements</u>
<b><u>UNITED STATES DEPARTMENT OF HOMELAND SECURITY</u></b>			
<i>Passed through Ohio Emergency Management Agency</i>			
<i>State Domestic Preparedness Equipment Support Program</i>			
Emergency Management Performance Grants	2007-EM-E7-0085	97.042	9,332
	2007-EM-E8-0002		14,998
	2007-EM-E7-0024		<u>12,855</u>
Total Emergency Management Performance Grants			<u>37,185</u>
FY 07 Citizen Corps Program	2007-GE-T7-0030	97.067	1,854
FY 07 State Homeland Security Program (SHSP)	2007-GE-T7-0030	97.067	<u>5,058</u>
Total Homeland Security Grant Program			<u>6,912</u>
TOTAL UNITED STATES DEPARTMENT OF HOMELAND SECURITY			44,097
<b><u>UNITED STATES DEPARTMENT OF EDUCATION</u></b>			
<i>Passed through Ohio Department of Education</i>			
<i>Special Education Cluster:</i>			
Special Education_Grants to States	078063-6BSF-2008	84.027	52,087
	078063-6BSF-2009		<u>19,905</u>
Total Special Education_Grants to States			<u>71,992</u>
Special Education_Preschool Grants	078063-PGS1-2008	84.173	8,916
	078063-PGS1-2009		<u>3,481</u>
Total Special Education_Preschool Grants			<u>12,397</u>
Total Special Education Cluster			<u>84,389</u>
State Grants for Innovative Programs	078063-C2S1-2008	84.298	166
	078063-C2S1-2009		<u>49</u>
Total State Grants for Innovative Programs			<u>215</u>
<i>Total Passed through Ohio Department of Education</i>			84,604
<i>Passed through Ohio Department of Health</i>			
Special Education_Grants for Infants and Families with Disabilities	73-6-001-1-HO-209	84.181	56,000
<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-08	84.181	77,046
	73-5-001-1-HG-09	84.181	<u>25,634</u>
<i>Total Passed through Scioto County Family and Children First Council</i>			<u>102,680</u>
Total Special Education_Grants for Infants and Families with Disabilities:			<u>158,680</u>
TOTAL UNITED STATES DEPARTMENT OF EDUCATION			243,284
<b><u>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>			
<i>Passed through Ohio CASA/GAL Association</i>			
State Court Improvement Program	N/A	93.586	15,014
<i>Passed through Ohio Secretary of State</i>			
Help America Vote Act	06-SOS-HHHS-73	93.617	9,665
<i>Passed through Ohio Developmental Disabilities Council</i>			
Developmental Disabilities Basic Support and Advocacy Grants	04-3/07	93.630	3,307
	04-3/08		52,024
	05-2/08		<u>35,906</u>
Total Developmental Disabilities Basic Support and Advocacy Grants			<u>91,237</u>
<i>Passed through State Department of Mental Retardation and Developmental Disabilities</i>			
Social Services Block Grant - Title XX	06-07	93.667	32,864
	07-08		<u>33,277</u>
Total Social Services Block Grant			<u>66,141</u>
Medical Assistance Program - Title XIX			
Targeted Case Management (TCM)	N/A	93.778	335,103
Individual Options (IO) / Level 1 (L1) Waiver	N/A		<u>449,911</u>
Total Medical Assistance Program (Title XIX)			<u>785,014</u>
<i>Total Passed through State Department of Mental Retardation and Development Disabilities</i>			851,155
<i>Passed through Ohio Department of Health</i>			
Maternal and Child Health Service Block Grant to the States	73-6-001-1-HO-209	93.994	<u>14,000</u>
			<u>14,000</u>
TOTAL UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>981,071</u>
<b>TOTAL FEDERAL AWARDS EXPENDITURES</b>			<b><u>\$3,569,814</u></b>

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

**SCIOTO COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

**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, and would be included as disbursements on the Schedule.

These loans are collateralized by mortgages on the property and by equipment. At December 31, 2008, the gross amount of loans outstanding under this program was \$586,257. Total amounts written off are \$624,822.

**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 and the Highway Planning and Construction Grants were granted through the U.S. Department of Transportation.

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# 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, 2008, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 10, 2009 wherein we noted the accompanying financial statements have been prepared assuming that the County will continue as a going concern. The County has suffered recurring losses from operations and has a net asset deficiency that raises substantial doubt about its ability to continue as a going concern. In addition, on August 19, 2009 the Auditor of State determined a fiscal emergency exists, and a financial planning and supervision commission will assume certain management responsibilities for the duration of this emergency pursuant to Chapter 118 of the Ohio Rev. Code. 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 findings 2008-001, 2008-002, and 2008-007 described in the accompanying Schedule of Findings to be significant deficiencies 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 none of the significant deficiencies described above are material weaknesses.

We also noted certain internal control matters that we reported to the County's management in a separate letter dated September 10, 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 as items 2008-001 through 2008-007.

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 September 10, 2009.

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

We intend this report solely for the information and use of management, the 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

September 10, 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 45662

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, 2008. The Summary of Auditor's Results section of the accompanying Schedule of Findings identifies the County's major federal programs. The County's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits 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 2008-008 and 2008-009 in the accompanying Schedule of Findings, 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, 2008. The results of our auditing procedures also disclosed an instance of noncompliance with those requirements that OMB Circular A-133 requires us to report, which is described in the accompanying Schedule of Findings as item 2008-010.

### 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 as findings 2008-008 through 2008-010 to be significant deficiencies.

A material weakness is 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. We did not consider any of the deficiencies described in the accompanying Schedule of Findings to be material weaknesses.

We also noted matters involving the internal control over federal compliance not requiring inclusion in this report, that we reported to the County's management in a separate letter dated September 10, 2009.

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

We 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

September 10, 2009

**SCIOTO COUNTY**  
**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A -133 § .505**  
**DECEMBER 31, 2008**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iii)</b>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other significant deficiencies in internal control reported for major federal programs?</b>	Yes
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Qualified- Community Development Block Grants/State's Program CFDA # 14.228  Unqualified- Medical Assistance Program CFDA # 93.778
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	Yes
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Community Development Block Grants/State's Program CFDA # 14.228  Medical Assistance Program CFDA # 93.778
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

**SCIOTO COUNTY**  
**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A -133 § .505**  
**DECEMBER 31, 2008**  
**(Continued)**

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

**FINDING NUMBER 2008-001**

**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 Notes 24 and 25 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**  
**OMB CIRCULAR A -133 § .505**  
**DECEMBER 31, 2008**  
**(Continued)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2008-002**

**Noncompliance Finding/Finding for Adjustment/Significant Deficiency**

Ohio Revised Code Section 5705.10(H) states that money paid into any fund shall be used only for the purposes for which such fund is established.

The Scioto County Commissioners entered into a twenty year lease/purchase agreement for an Energy Conservation Project on the Scioto County Courthouse and the Jobs and Family Services Building on March 14, 2006. The percentage breakdown of the project was determined to be 64.53% for the Scioto County Courthouse and 35.47% for the Jobs and Family Services Building. Based on these percentages, the semi-annual lease payments of \$78,303 were to be paid \$50,529 from the General Fund and \$27,774 from the Public Assistance Fund.

During 2007, the County paid \$121,830 of these semi-annual lease payments from the MRDD Capital Projects Fund (Fund 503). The remaining \$34,776 was paid from the correct funds. Based on this, the General Fund and Public Assistance Fund owe the MRDD Capital Projects Fund \$78,617 (\$121,830 times 64.53%) and \$43,213 (\$121,830 times 35.47%), respectively.

During 2008, the County paid \$78,303 of these semi-annual lease payments from the MRDD Fund (Fund 231) and \$70,987 from the Public Assistance Fund. At December 31, 2008, \$7,316 of the semi-annual lease payments for 2008 remained unpaid but was paid from the General Fund in 2009. Based on this, the General Fund and Public Assistance Fund owe the MRDD Fund \$50,529 (\$78,303 times 64.53%) and \$27,774 (\$78,303 times 35.47%), respectively. The General Fund also owes the Public Assistance Fund \$43,213 (\$70,987 minus \$27,774).

Due to the financial condition discussed in Note 24 and 25 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 an interfund payable in the General Fund and Public Assistance Fund and an interfund receivable in the MRDD Fund (includes both Fund 231 and Fund 503).

As a result, Findings for Adjustment are hereby issued against the following: General Fund in the amount of \$78,617 in favor of the MRDD Capital Projects Fund (Fund 503); General Fund in the amount of \$50,529 in favor of the MRDD Fund (Fund 231); General Fund in the amount of \$43,213 in favor of the Public Assistance Fund (Fund 218); Public Assistance Fund in the amount of \$27,774 in favor of the MRDD Capital Projects Fund (Fund 503); and Public Assistance Fund in the amount of \$27,774 in favor of the MRDD Fund (Fund 231).

We recommend the County make lease payments from the appropriate Funds.

**Officials' Response**

The recommendation is accepted and agreed to.

**SCIOTO COUNTY**  
**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A -133 § .505**  
**DECEMBER 31, 2008**  
**(Continued)**

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

**FINDING NUMBER 2008-003**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.10(H) provides that money paid into any fund shall be used only for the purposes for which such fund is 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 cash-basis fund balances as of December 31, 2008:

<u>Fund</u>	<u>Amount</u>
Fund 101 – General Fund	(\$2,385,148)
Fund 223 – Juvenile Detention Fund	(\$399,169)

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 County continues its efforts to correct the issues resulting in the deficit fund balances in Funds 101 (General Fund) and 223 (Juvenile Detention Center). A Fiscal Recovery Plan is currently being developed. The Juvenile Detention Center facility closed in September of 2009.

**SCIOTO COUNTY**  
**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A -133 § .505**  
**DECEMBER 31, 2008**  
**(Continued)**

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

**FINDING NUMBER 2008-004**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.36(A)(4) states that upon 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.

At December 31, 2008, the County had actual resources below the current level of appropriation in the following fund.

	Actual Resources	Appropriations	Variance
General Fund	\$13,609,023	\$16,137,517	(\$2,528,494)

Since the expenditure of County funds is based on the estimated resources, instances when beginning fund balances and actual receipts do not meet budgetary estimates could lead to overspending.

We recommend the County Auditor monitor estimated and actual receipts. If it becomes apparent that the County is not going to receive the amount of estimated resources, the County Auditor should obtain a reduced amended certificate from the County Budget Commission. We further recommend the County Commissioners make corresponding reductions in appropriations.

**Officials' Response**

The variance between actual resources and appropriations is due to the deficit carryover balance in the General Fund. The County continues its efforts to correct the issues resulting in the deficit balance in the General Fund.

**FINDING NUMBER 2008-005**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.39 provides in part that the total appropriations from each fund shall not exceed the total estimated revenue available therefrom, as certified by the budget commission. No appropriation measure shall become effective until the county auditor files with the appropriating authority a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed the total official estimate or amended official estimate.

Appropriations exceeded total estimated resources in the following fund at December 31, 2008:

Fund Number	Fund Name	Appropriations	Estimated Resources	Variance
101	General Fund	\$15,979,172	\$13,608,449	(\$2,370,723)

**SCIOTO COUNTY**  
**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A -133 § .505**  
**DECEMBER 31, 2008**  
**(Continued)**

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

**FINDING NUMBER 2008-005 (Continued)**

**Noncompliance Citation - Ohio Rev. Code Section 5705.39 (Continued)**

In addition, for 2008 the County Auditor did not file a certificate that total appropriations from each fund did not exceed total estimated resources. This could result in expenditures exceeding total resources.

We recommend the County Auditor monitor total appropriations for each fund to ensure that appropriations from each fund do not exceed the total amount of estimated resources, and we recommend the County Auditor file the required certificate.

**Officials' Response:**

The variance between estimated resources and appropriations is due to the deficit carryover balance in the General Fund. The County continues its efforts to correct the issues resulting in the deficit balance in the General Fund.

**FINDING NUMBER 2008-006**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.41(B) provides, in part, that no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated as provided in such chapter.

Budgetary expenditures exceeded appropriations at the fund level at December 31, 2008 as follows:

Fund Number	Fund Name	Appropriations	Budgetary Expenditures	Variance
223	Juvenile Detention Fund	\$849,914	\$1,249,083	(\$399,169)

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 County continues its efforts to correct the issues resulting in expenditures exceeding appropriations in Fund 223 (Juvenile Detention Center). A Fiscal Recovery Plan is currently being developed. The Juvenile Detention Center facility closed in September of 2009.



**SCIOTO COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2008  
(Continued)**

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

**FINDING NUMBER 2008-007**

**Noncompliance Citation/Significant Deficiency - Federal Award Expenditures Schedule**

OMB Circular A-133 Section \_\_.300 (d) states that the auditee shall prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with Section \_\_.310. OMB Circular A- 133 Section \_\_.310 (b) states that the auditee shall prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For Research and Development, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule.

During 2008, the County received and spent federal grant monies relating to 27 federal programs. The following discrepancies existed on the 2008 County-prepared federal schedule:

- Federal expenditures contained 9 federal programs with a total understatement of \$251,526 and 8 federal programs with a total overstatement of \$131,672 for a net understatement of \$119,854;
- In addition to the over and understatements for reported programs, 2 grant names listed the incorrect grant year, 7 federal programs listed incorrect pass through numbers or did not list a pass through number at all and 1 federal program listed an incorrect CFDA number.

Errors in the Federal Award Expenditures Schedule resulted in inaccurate reporting of the federal awards under OMB Circular A-133 requiring audit adjustments to the federal schedule.

We recommend the County ensure proper reporting of federal expenditures, which includes reporting the proper amount of expenditures; federal awarding agencies; pass-through entity names and numbers (where applicable); and the Catalog of Federal Domestic Assistance (CFDA) numbers. Source documentation should additionally be maintained to support the County's schedule.

**SCIOTO COUNTY**  
**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A -133 § .505**  
**DECEMBER 31, 2008**  
**(Continued)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2008-007 (Continued)**

**Noncompliance Citation/Significant Deficiency - Federal Award Expenditures Schedule - OMB Circular A-133 Section \_\_.300 (d) (Continued)**

**Officials' Response:**

The County Auditor's office depends upon the accuracy of the information provided by County departments receiving Federal funding in order to properly prepare the Schedule of Federal Awards Expenditures. Further efforts will be made to verify the accuracy of information provided to the Auditor's office.

**SCIOTO COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2008  
(Continued)**

<b>3. FINDINGS FOR FEDERAL AWARDS</b>
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<b>Finding Number</b>	2008-008
<b>CFDA Title and Number</b>	Community Development Block Grants/State's Program CFDA # 14.228
<b>Federal Award Number / Year</b>	B-C-06-068-1, B-P-06-068-1, B-F-07-068-1, and B-F-08-068-1
<b>Federal Agency</b>	United States Department of Housing and Urban Development
<b>Pass-Through Agency</b>	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-C-06-068-1:

Draw number 277 dated May 6, 2008 was requested in the amount of \$8,250 for general administration. The County received the funding on June 6, 2008. Disbursements during the 15 day period totaled \$2,404.70, leaving \$5,845.30 not disbursed within fifteen days. Therefore, money was not expended within fifteen days of receipt as required, and the balance exceeded \$5,000 until August 12, 2008.

From Grant B-F-08-068-1:

Draw number 293 dated October 22, 2008 was requested in the amount of \$10,000 for general administration. The County received the funding on November 26, 2008. Disbursements during the 15 day period totaled \$2,500, leaving \$7,500 not disbursed within the fifteen days. Therefore, money was not expended within fifteen days of receipt as required, and the balance exceeded \$5,000 until January 29, 2009.

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

Draw number 4 dated February 26, 2008 was requested in the amount of \$582,100 for water and sewer facilities. The County received the funding on March 24, 2008. Disbursements during the 15 day period totaled \$9,179.01, leaving \$572,920.99 not disbursed within fifteen days. Therefore, money was not expended within fifteen days of receipt as required, and the balance exceeded \$5,000 until December 13, 2008. Additionally, draw number 5 dated September 16, 2008 was requested in the amount of \$92,330 for professional fees. The County received the funding on October 27, 2008. Disbursements during the 15 day period totaled \$27,141.77, leaving \$65,188.23 not disbursed within fifteen days. Therefore, money was not expended within fifteen days of receipt as required, and the balance exceeded \$5,000 until December 13, 2008.

**SCIOTO COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2008  
(Continued)**

<b>3. FINDINGS FOR FEDERAL AWARDS (Continued)</b>
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<b>Finding Number</b>	2008-008 (Continued)
<b>CFDA Title and Number</b>	Community Development Block Grants/State's Program CFDA # 14.228
<b>Federal Award Number / Year</b>	B-C-06-068-1, B-P-06-068-1, B-F-07-068-1, and B-F-08-068-1
<b>Federal Agency</b>	United States Department of Housing and Urban Development
<b>Pass-Through Agency</b>	Ohio Department of Development

**Noncompliance Citation and Significant Deficiency – Cash Management (Continued)**

From Grant B-F-07-068-1:

Draw number 270 was requested on January 1, 2008 in the amount of \$10,000 for public services. The County received this funding on March 10, 2008. 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 April 8, 2008. In addition, draw number 287 dated August 1, 2008 was requested in the amount of \$10,000 for public services. The County received the funding on August 21, 2008. 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 September 11, 2008.

Draw number 279 dated May 13, 2008 was requested in the amount of \$26,000 for parks and recreation facilities. The County received the funding on June 12, 2008. Disbursements during the 15 day period totaled \$270.20, leaving \$25,729.80 not disbursed within the fifteen days. Therefore, money was not expended within fifteen days of receipt as required, and the balance exceeded \$5,000 until September 16, 2008.

Draw number 276 was requested on May 6, 2008 in the amount of \$5,000 for general administration. The County received the funding on June 6, 2008. There were no disbursements during the 15 day period therefore, the money was not expended within the fifteen days of receipt as required, and the balance exceeded \$5,000 until August 7, 2008. Also, draw number 282 was requested on May 23, 2008 in the amount of \$5,000 for general administration. The County received the funding on June 20, 2008. There were no disbursements during the 15 day period therefore, the money was not expended within the fifteen days of receipt as required, and the balance exceeded \$5,000 until August 7, 2008. In addition, draw number 289 was requested on August 21, 2008 in the amount of \$5,000 for general administration. The County received the funding on September 24, 2008. There were no disbursements during the 15 day period therefore, the money was not expended within the fifteen days of receipt as required, and the balance exceeded \$5,000 until October 15, 2008.

Draw number 285 was requested on July 10, 2008 was requested in the amount of \$5,000 for fair housing. The County received the funding on August 1, 2008. There were no disbursements during the 15 day period therefore, the money was not expended within the fifteen days of receipt as required, and the balance exceeded \$5,000 until October 1, 2008.

**SCIOTO COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2008  
(Continued)**

<b>3. FINDINGS FOR FEDERAL AWARDS (Continued)</b>
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<b>Finding Number</b>	2008-008 (Continued)
<b>CFDA Title and Number</b>	Community Development Block Grants/State's Program CFDA # 14.228
<b>Federal Award Number / Year</b>	B-C-06-068-1, B-P-06-068-1, B-F-07-068-1, and B-F-08-068-1
<b>Federal Agency</b>	United States Department of Housing and Urban Development
<b>Pass-Through Agency</b>	Ohio Department of Development

**Noncompliance Citation and Significant Deficiency – Cash Management (Continued)**

Draw number 287 was requested on August 1, 2008 was requested in the amount of \$10,000 for public services. The County received the funding on August 21, 2008. There were no disbursements during the 15 day period therefore, the money was not expended within the fifteen days of receipt as required, and the balance exceeded \$5,000 until September 11, 2008.

Draw number 290 dated September 4, 2008 was requested in the amount of \$10,500 for parking facilities. The County received the funding on September 24, 2008. 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 October 15, 2008. Additionally, draw number 292 dated October 2, 2008 was requested in the amount of \$35,000 for parking facilities. The County received the funding on October 29, 2008. Disbursements during the 15 day period totaled \$250.08, leaving \$34,749.92 not disbursed within the fifteen days. Therefore money was not expended within fifteen days of receipt as required, and the balance exceeded \$5,000 until January 13, 2009.

Lastly, draw number 291 dated September 21, 2008 was requested in the amount of \$17,000 for Neighborhood Facilities/Community Center, specifically Morgan Township. The County received the funding on October 22, 2008. Disbursements during the 15 day period totaled \$1,527, leaving \$15,473 not disbursed within the fifteen days. Therefore, money was not expended within fifteen days of receipt as required, and the balance exceeded \$5,000 until November 21, 2008.

Based on our testing utilizing the 1.5% average 2008 U.S. Treasury Current Value of Funds Rate we estimate the imputed interest could have been \$3,334.56 for the year ended December 31, 2008.

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**

The recommendation is accepted. The County's CDBG consultant has initiated action and will make efforts to correct this item.

**SCIOTO COUNTY**  
**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A -133 § .505**  
**DECEMBER 31, 2008**  
**(Continued)**

**3. FINDINGS FOR FEDERAL AWARDS (Continued)**

<b>Finding Number</b>	2008-009
<b>CFDA Title and Number</b>	Community Development Block Grants/State's Program CFDA # 14.228
<b>Federal Award Number / Year</b>	B-C-06-068-1, B-W-06-068-1, B-P-06-068-1, B-F-06-068-1, and B-F-07-068-1
<b>Federal Agency</b>	United States Department of Housing and Urban Development
<b>Pass-Through Agency</b>	Ohio Department of Development

**Noncompliance Citation and Significant Deficiency – Reporting**

All Community Development Block Grant Program funds are reported to the State of Ohio, Department of Development (ODOD). There are two reports the Auditor should consider:

- Form DS5 - Request for Payment and Status of Funds Report
- Final Performance Report

The Request for Payments and Status of Funds Report (DS5) is used by the local government to make draw downs from ODOD. The local government shall execute a DS5 each time it is determined that funds are required to meet immediate disbursement needs. *(OHCP Financial Management Rules and Regulations, A.(3)(k) and Attachment 11).*

The Final Performance Report must be completed and submitted to OHCP. The failure of a recipient to submit a report as required will not preclude the state from effecting a grant closeout when such action is determined to be in the best interest of the state. *(OHCP Financial Management Rules and Regulations, E(1)(b)(1))*

Grant B-C-06-068-1:

The Grant Agreement, Attachment B, requires the Final Performance Report to be submitted to the Grantor by October 31, 2008; however, there was an extension in which the Final Performance Report was not required to be submitted until April 30, 2009. The Final Performance Report was signed as approved by Commissioner Reiser on May 5, 2009 for submission, surpassing the submission deadline.

Grant B-W-06-068-1:

The Grant Agreement, Attachment B, requires the Final Performance Report to be submitted to the Grantor by October 31, 2008. The Final Performance Report was signed as approved by Commissioner Reiser on February 5, 2009 for submission, surpassing the submission deadline.

Grant B-F-06-068-1:

The Grant Agreement, Attachment B, requires the Final Performance Report to be submitted to the Grantor by February 28, 2008. The Final Performance Report was signed as approved by Commissioner Riffe on March 25, 2008 for submission, surpassing the submission deadline.

Grant B-F-07-068-1:

The Grant Agreement, Attachment B, requires the Final Performance Report to be submitted to the Grantor by February 28, 2009. The Final Performance Report was signed as approved by Commissioner Reiser on May 28, 2009 for submission, surpassing the submission deadline.

**SCIOTO COUNTY**  
**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A -133 § .505**  
**DECEMBER 31, 2008**  
**(Continued)**

<b>3. FINDINGS FOR FEDERAL AWARDS (Continued)</b>
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<b>Finding Number</b>	2008-009 (Continued)
<b>CFDA Title and Number</b>	Community Development Block Grants/State's Program CFDA # 14.228
<b>Federal Award Number / Year</b>	B-C-06-068-1, B-W-06-068-1, B-P-06-068-1, B-F-06-068-1, and B-F-07-068-1
<b>Federal Agency</b>	United States Department of Housing and Urban Development
<b>Pass-Through Agency</b>	Ohio Department of Development

**Noncompliance Citation and Significant Deficiency – Reporting (Continued)**

Grant B-P-06-068-1:

The Grant Agreement, Attachment B, requires the Final Performance Report to be submitted to the Grantor by February 28, 2009. The Final Performance Report has yet to be completed as of July 30, 2009.

We recommend the County submit the Final Performance Reports to the Grantor in a more timely fashion in accordance with the grant agreement. Additionally, Final Performance Reports should be completed and approved several days prior to the deadline to ensure the Grantor has sufficient time to receive the Reports.

**Officials' Response**

The recommendation is accepted. The County's CDBG consultant has initiated action to correct this problem.

**SCIOTO COUNTY**  
**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A -133 § .505**  
**DECEMBER 31, 2008**  
**(Continued)**

**3. FINDINGS FOR FEDERAL AWARDS (Continued)**

<b>Finding Number</b>	2008-010
<b>CFDA Title and Number</b>	Community Development Block Grant/State's Program, #14.228; Home Improvement Partnership Program, #14.239; Title V Delinquency Prevention Program, #16.548; Victims of Child Abuse, #16.547; Edward Byrne Memorial Formula Assistance Program, #16.579; Edward Byrne Memorial Justice Assistance Grant Program, #16.738; Airport Improvement Program, #20.106; Appalachian Development Highway System, #23.003; Formula Grants for Other Than Urbanized Areas, #20.509; State and Community Highway Safety, #20.600; Interagency Hazardous Materials Public Sector Training and Planning Grants, #20.703; State Grants for Innovative Programs, #84.298; Special Education_Grants for Infants and Families with Disabilities, #84.181; Developmental Disabilities Basic Support and Advocacy Grants, #93.630; Maternal and Child Health Services Block Grant to the States, #93.994; FY 07 Citizen Corp Program and FY 07 State Homeland Security Program, #97.067
<b>Federal Award Number / Year</b>	B-C-06-068-1; B-F-06-068-1; B-F-07-068-1; B-P-06-068-1; B-W-06-068-1; B-C-06-068-2; 2006-JV-T50-5120; 2007-JV-T50-5120; OH11162-07-0707-N1; 06-LE-11091400-013; 2008-F1945-OH-DJ; 3-39-0051-1007; OH-15318-2006-I-201b; RPT-4073-027-081; HVEO-2008-73-00-00-00246-00; HMEP 15 <sup>TH</sup> Year; HMEP Supplemental; 078063-C2S1-2008; 73-6-001-1-HQ-209; 73-6-002-1-DE-09; 73-5-001-1-HG-09; 04-3/07; 04-3/08; 05-2/08; 73-6-001-1-HO-209; 2007-GE-T7-0030
<b>Federal Agency</b>	U.S. Department of Urban and Housing Development, U.S. Department of Justice, U.S. Department of Transportation, U.S. Department of Education, U.S. Department of Health and Human Services, U.S. Department of Homeland Security
<b>Pass-Through Agency</b>	Ohio Department of Development, Ohio Department of Youth Services, National CASA, City of Portsmouth, Ohio Department of Transportation, Ohio Department of Public Safety-Governor's Highway Safety Office, Ohio Environmental Protection Agency, Ohio Department of Education, Ohio Department of Health, Scioto County Family and Children First Council, Ohio Developmental Disabilities Council, Ohio Emergency Management Agency



SCIOTO COUNTY

SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2008  
(Continued)

<b>3. FINDINGS FOR FEDERAL AWARDS (Continued)</b>
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<b>Finding Number</b>	2008-010 (Continued)
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**Noncompliance Citation/Significant Deficiency - Federal Award Expenditures Schedule (Continued)**

See GAGAS Finding Number 2008-007 on page 93; this Finding is also required to be reported in accordance with OMB Circular A-133.

**Officials' Response:**

The County Auditor's office depends upon the accuracy of the information provided by County departments receiving Federal funding in order to properly prepare the Schedule of Federal Awards Expenditures. Further efforts will be made to verify the accuracy of information provided to the Auditor's office.

**SCIOTO COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 §.315(b)  
DECEMBER 31, 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2007-001	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 2008-001.
2007-002	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 2008-003.
2007-003	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 2008-004.
2007-004	A citation was issued under Ohio Rev. Code Section 5705.41(B) for expenditures exceeding appropriations at year end.	No	Not Corrected. Reissued as Finding Number 2008-006.
2007-005	Noncompliance with Federal Fifteen Day Rule requirement for prompt disbursement of Community Development Block Grant funds.	No	Not Corrected. Reissued as Finding Number 2008-008.
2007-006	Noncompliance with Reporting requirement for not accurately completing the Final Performance Report for Community Development Block Grant funds.	No	Not Corrected. Reissued as Management Letter Comment.

**SCIOTO COUNTY**

**CORRECTIVE ACTION PLAN  
OMB CIRCULAR A-133 § .315 (c)  
DECEMBER 31, 2008**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2008-001	The recommendation is accepted as stated. Recommended transfer to General Fund when funds are available.	Unknown	Tom Reiser, County Commissioner
2008-002	The recommendation is accepted and agreed to.	Unknown	Tom Reiser, County Commissioner
2008-003	The County continues its efforts to correct the issues resulting in the deficit fund balances in Funds 101 (General Fund) and 223 (Juvenile Detention Center). A Fiscal Recovery Plan is currently being developed. The Juvenile Detention Center facility closed in September of 2009.	Unknown	David Green, County Auditor
2008-004	The variance between actual resources and appropriations is due to the deficit carryover balance in the General Fund. The County continues its efforts to correct the issues resulting in the deficit balance in the General Fund.	Unknown	David Green, County Auditor
2008-005	The variance between estimated resources and appropriations is due to the deficit carryover balance in the General Fund. The County continues its efforts to correct the issues resulting in the deficit balance in the General Fund.	Unknown	David Green, County Auditor
2008-006	The County continues its efforts to correct the issues resulting in expenditures exceeding appropriations in Fund 223 (Juvenile Detention Center). A Fiscal Recovery Plan is currently being developed. The Juvenile Detention Center facility closed in September of 2009.	Unknown	David Green, County Auditor
2008-007	The County Auditor's office depends upon the accuracy of the information provided by County departments receiving Federal funding in order to properly prepare the Schedule of Federal Awards Expenditures. Further efforts will be made to verify the accuracy of information provided to the Auditor's office.	December 31, 2010	David Green, County Auditor
2008-008	The County's CDBG consultant has initiated action and will made efforts to correct this item	Unknown	Tom Reiser, County Commissioner
2008-009	The County's CDBG consultant has initiated action to correct this problem	Unknown	Tom Reiser, County Commissioner
2008-010	See planned corrective action planned detailed above in 2008-007	December 31, 2010	David Green, County Auditor





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  
SEPTEMBER 29, 2009**