



Mary Taylor, CPA
Auditor of State

GALLIA COUNTY
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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Gallia County
18 Locust Street
Gallipolis, Ohio 45631

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 Gallia County, Ohio (the County), as of and for the year ended December 31, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

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 Gallia County, Ohio, as of December 31, 2009 and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparisons for the General, Motor Vehicle and Gas Tax, Job and Family Services, Board of Developmental Disabilities, and Community Development Block Grant Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2010, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information 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 Federal Awards Expenditures Schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the Federal Awards Expenditures Schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Mary Taylor, CPA
Auditor of State

September 23, 2010

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

The discussion and analysis of Gallia County's financial performance provides an overall review of the County's financial activities for the year ended December 31, 2009. The intent of this discussion and analysis is to look at the County's financial performance as a whole. Readers should also review the basic financial statements and notes to those respective statements to enhance their understanding of the County's financial performance.

Financial Highlights

Key financial highlights for 2009 are as follows:

- The assets of the County for governmental activities exceeded its liabilities at December 31, 2009, by \$28,669,469. Of this amount, \$1,386,651 may be used to meet the County's ongoing obligations to citizens and creditors. The assets of the County for business-type activities exceeded its liabilities at December 31, 2009 by \$5,695,102.
- The net assets of governmental activities increased \$240,754. The net assets of business-type activities increased \$1,998,724.
- For 2009, all revenues of the County totaled \$29,501,972. General revenues accounted for \$9,129,096 in revenue or 31 percent of all revenues. Program revenues in the form of charges for services and grants and contributions accounted for \$20,372,876 or 69 percent of all revenues.
- The County had \$26,842,378 in expenses related to governmental activities: \$17,963,421 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$9,119,711, of which \$7,056,837 was taxes with the remaining \$2,062,874 composed of interest, unrestricted grants and entitlements, and miscellaneous revenues were adequate to provide for these programs.
- As of December 31, 2009, the County's governmental funds reported combined fund balances of \$5,236,919, a decrease of \$469,496 in comparison with the prior year.
- The General Fund's fund balance decreased by \$293,829.

Overview of the Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Gallia County as a financial whole or as an entire operating entity. The statements then proceed to provide a detailed look at specific financial conditions.

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: the government-wide financial statements, fund financial statements, and notes to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to private-sector businesses. The statement of net assets and the statement of activities provide information about activities of the County as a whole, presenting both an aggregate view of the County's finances and a longer-term view of those assets.

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The statement of net assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the County's tax base, current property tax laws in Ohio restricting revenue growth, and the condition of the County's capital assets (roads, bridges, sewer lines, etc.). These factors need to be considered when assessing the overall health of the County.

The statement of activities presents information showing how the government's net assets changed during the recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

In both of the government-wide financial statements, the County is divided into two distinct kinds of activities:

Governmental Activities - Most of the County's programs and services are reported here including human services, health, public safety, public works, community and economic development and assistance and general government (legislative and executive and judicial). These services are funded primarily by taxes and intergovernmental revenues including federal and state grants and other shared revenues.

Business-Type Activities - These services are provided on a charge for goods or services basis to recover all or most of the cost of the services provided. The County's sewer operations are reported here.

Component Units - The County's financial statements include financial data for the Gallia-Meigs Regional Airport and Galco Industries, Inc. These component units are described in the notes to the basic financial statements.

Fund Financial Statements

Fund financial statements provide detailed information about the County's major funds. The County uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the County's most significant funds. The County's major governmental funds are the General Fund, Motor Vehicle and Gas Tax, Job and Family Services, Board of Developmental Disabilities, and Community Development Block Grant special revenue funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into one of three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains a multitude of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures and changes in fund balances for the major funds, which were identified earlier. Data from the other governmental funds are combined into a single, aggregated presentation. The governmental financial statements can be found on pages 16 through 27 of this report.

Proprietary Funds – The County maintains two different types of proprietary funds: enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for sewer operations. Internal services funds are an accounting device used to accumulate and allocate cost internally among the County's various functions. The County uses an internal service fund to account for its Employee Benefits Trust Fund. Because this service predominately benefits governmental rather than business-type functions, it has been included with governmental activities in the government-wide financial statements. The County's major enterprise funds are the Bidwell/Porter Sewer and KA Sewer Funds. The proprietary fund financial statements can be found on pages 28 through 30 of this report.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The County's only fiduciary funds are agency funds. The fiduciary fund financial statement can be found on page 31 of this report.

Notes to the Basic Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 33 through 68 of this report.

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Government-Wide Financial Analysis

You may recall that the statement of net assets provides the perspective of the County as a whole. Table 1 provides a summary of the County's net assets for 2009 compared to 2008:

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2009	2008*	2009	2008*	2009	2008*
Assets						
Current and Other Assets	\$ 14,020,071	\$ 13,957,725	\$ 3,392,667	\$ 1,354,500	\$ 17,412,738	\$ 15,312,225
Capital Assets, Net	23,107,925	22,977,332	5,302,907	4,767,494	28,410,832	27,744,826
Total Assets	37,127,996	36,935,057	8,695,574	6,121,994	45,823,570	43,057,051
Liabilities						
Current and Other Liabilities	4,881,219	4,884,149	542,711	93,122	5,423,930	4,977,271
Long-Term Liabilities:						
Due within One Year	1,060,878	1,239,625	40,531	44,412	1,101,409	1,284,037
Due in more than one year	2,516,430	2,382,568	2,417,230	2,288,082	4,933,660	4,670,650
Total Liabilities	8,458,527	8,506,342	3,000,472	2,425,616	11,458,999	10,931,958
Net Assets						
Invested in Capital Assets						
Net of Debt	21,134,376	20,868,089	2,795,304	2,403,638	23,929,680	23,271,727
Restricted	6,148,442	5,529,743	-	-	6,148,442	5,529,743
Unrestricted	1,386,651	2,030,883	2,899,798	1,292,740	4,286,449	3,323,623
Total Net Assets	\$ 28,669,469	\$ 28,428,715	\$ 5,695,102	\$ 3,696,378	\$ 34,364,571	\$ 32,125,093

* Amount Restated – See Note 25.

Business-Type assets increased primarily due to an increase in capital assets and intergovernmental receivable as a result of the construction and grants associated with the construction of the KA Sewer, as well as the construction and grants associated with the construction of the Mercerville Sewer. Governmental Activities assets increased as a result of an increase in capital assets, which was partially offset by a decrease in cash and cash equivalents and materials and supplies inventory.

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$34,364,571: \$28,669,469 in governmental activities and \$5,695,102 in business-type activities at the end of the 2009 year.

The County's net assets are reflected in three categories: invested in capital assets, net of related debt, restricted and unrestricted.

The County's largest portion of net assets relates to invested in capital assets, net of related debt. This accounts for 70 percent of net assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

The County's smallest portion of total net assets is unrestricted. This accounts for 12 percent of net assets. These net assets represent resources that may be used to meet the County's ongoing obligations to its citizens and creditors.

The remaining balance of \$6,148,442 or 18 percent relates to restricted net assets. The restricted net assets are subject to external restrictions on how they may be used.

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At the end of the current fiscal year, the County was able to report positive balances in all three categories of net assets, both for the County as a whole, as well as for its separate governmental and business-type activities. The same was true for the prior year.

Table 2 shows the changes in net assets for fiscal year 2009 as compared to 2008:

Table 2
Change In Net assets

	Governmental Activities		Business-Type Activities		Total	
	2009	2008*	2009	2008	2009	2008*
Revenues						
Program revenues:						
Charges for services	\$ 4,189,337	\$ 4,129,818	\$ 339,003	\$ 279,167	\$ 4,528,340	\$ 4,408,985
Operating grants and contributions	13,495,539	14,139,643	-	-	13,495,539	14,139,643
Capital grants and contributions	278,545	1,057,578	2,070,452	925,672	2,348,997	1,983,250
Total Program Revenues	17,963,421	19,327,039	2,409,455	1,204,839	20,372,876	20,531,878
General revenues:						
Property taxes	3,031,190	2,994,099	-	-	3,031,190	2,994,099
Sales taxes	4,025,647	4,240,342	-	-	4,025,647	4,240,342
Grants and entitlements	1,404,502	1,299,781	-	-	1,404,502	1,299,781
Investment earnings	304,810	423,243	9,348	11,154	314,158	434,397
Miscellaneous	353,562	394,682	37	47	353,599	394,729
Total General revenues	9,119,711	9,352,147	9,385	11,201	9,129,096	9,363,348
Total revenues	27,083,132	28,679,186	2,418,840	1,216,040	29,501,972	29,895,226
Program expenses						
General government:						
Legislative and executive	3,390,089	3,476,946	-	-	3,390,089	3,476,946
Judicial	1,690,279	1,244,074	-	-	1,690,279	1,244,074
Public safety	5,695,157	5,393,310	-	-	5,695,157	5,393,310
Public works	4,726,449	5,359,663	-	-	4,726,449	5,359,663
Health	2,862,493	2,968,717	-	-	2,862,493	2,968,717
Human services	7,184,496	8,698,485	-	-	7,184,496	8,698,485
Conservation and recreation	320,813	178,509	-	-	320,813	178,509
Community and economic development	514,765	396,079	-	-	514,765	396,079
Other	266,970	525,486	-	-	266,970	525,486
Interest and fiscal charges	96,124	104,436	-	-	96,124	104,436
Intergovernmental	94,743	290,843	-	-	94,743	290,843
Bidwell/Porter Sewer	-	-	287,687	319,952	287,687	319,952
Sewer	-	-	112,135	98,207	112,135	98,207
KA Sewer	-	-	20,294	-	20,294	-
Total expenses	26,842,378	28,636,548	420,116	418,159	27,262,494	29,054,707
Change in net assets	240,754	42,638	1,998,724	797,881	2,239,478	840,519
Net Assets at January 1	28,428,715	28,386,077	3,696,378	2,898,497	32,125,093	31,284,574
Net Assets at December 31	\$ 28,669,469	\$ 28,428,715	\$ 5,695,102	\$ 3,696,378	\$ 34,364,571	\$ 32,125,093

* Amount Restated - See Note 25.

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As noted earlier in this discussion, governmental activities net assets increased \$240,754 and business-type activities increased \$1,998,724. Overall revenues increased by \$393,254. Expenses decreased by \$1,792,213. The operating grants and contributions had a decrease of \$644,104 due to a decrease in the Job and Family Services program grant funding. The decrease in human services expenditures is due to layoffs and decreased funding in the Job and Family Services department. Capital grants and contributions decreased in the governmental activities due to the completion of the Early Childhood Development Center and new EMS Building and County's share of the State Route 850 project as well as decreases in amounts received for airport grants and State Issue II Paving, and business-type activities increased due to the KA Sewer grants and Mercerville Sewer grants that were awarded during 2009. Public Works expenses decreased as a direct result of the increase in capital infrastructure additions which are capitalized and expensed over the useful life of the asset. Community and economic development expenditures increased due to increased funding available from the CDBG program.

Table 3, for governmental activities, indicates the total cost of services and the net cost of services. The statement of activities reflects the cost of program services and the charges for services, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted intergovernmental revenues.

Table 3
 Governmental Activities

	2009		2008	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Program expenses				
General government:				
Legislative and executive	\$ 3,390,089	\$ 1,745,662	\$ 3,476,946	\$ 1,802,054
Judicial	1,690,279	994,935	1,244,074	608,706
Public safety	5,695,157	4,307,798	5,393,310	3,919,713
Public works	4,726,449	(234,005)	5,359,663	575,570
Health	2,862,493	902,463	2,968,717	931,624
Human services	7,184,496	869,754	8,698,485	397,348
Conservation and recreation	320,813	277,882	178,509	42,627
Community and economic development	514,765	(388,263)	396,079	146,278
Other	266,970	217,556	525,486	490,310
Intergovernmental	94,743	94,743	290,843	290,843
Interest and fiscal charges	96,124	90,432	104,436	104,436
Total expenses	<u>\$ 26,842,378</u>	<u>\$ 8,878,957</u>	<u>\$ 28,636,548</u>	<u>\$ 9,309,509</u>

Of the \$26,842,378 of total governmental activities expenses, \$17,963,421 or 67 percent was covered by direct charges to users of the services and operating and capital grants. The majority of program revenues are grants, with the remaining portion consisting of fees and charges for services. These charges are for fees charged for real estate transfers, fees for the collection of property taxes throughout the County, for title fees and for court fees. Public safety charges for services include items such as fees for boarding prisoners, patrolling subdivisions, EMS, and for special details. Health includes charges for services provided to clients of the developmentally disabled board. Human services relate to services provided by human services related departments and judicial relates to Title IV-D services provided by courts and other fees collected by the courts.

Additional revenues were provided to both the governmental and business-type activities by the state and federal governments for operations and capital improvements.

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Financial Analysis of the County's Funds

Governmental Funds - The focus of the County's governmental funds is to provide information on near-term receipts, disbursements, and balances of spendable resources. Such information is useful in assessing the County's financial requirements. In particular, unreserved fund balance may serve as a useful measure of a County's net resources available for spending at the end of the calendar year.

As of the end of the current year, the County's governmental funds reported combined ending fund balances of \$5,236,919. Of this total, \$5,033,620 represents unreserved fund balance, which is available for appropriation at the government's discretion within certain legal constraints and purposes restrictions. The remainder of fund balance is reserved to indicate that it is not available for new spending. While a large amount of the governmental fund balances are not reserved in the governmental fund statements, they lead to restricted net assets on the statement of net assets due to their being restricted for use for a particular purpose mandated by the source of the resources such as the state or federal government or the local tax levy.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, the fund balance of the General Fund was \$1,719,534, with a decrease of \$293,829. The decrease is attributed to decreases in revenues in addition to increases in expenditures.

The fund balance of the Motor Vehicle and Gas Tax Fund increased \$302,771. The Job and Family Services Fund and the Community Development Block Grant Fund balances decreased \$124,184 and \$11,929, respectively. The Board of Developmental Disabilities Fund balance increased \$62,871.

Proprietary Funds – The County's major proprietary funds are the Bidwell/Porter and KA Sewer Enterprise Funds. The Bidwell/Porter Sewer Fund accounts for the providing of sewer services to the Bidwell/Porter area. For the past few fiscal years, program revenues have not been adequate to cover the costs of the operation. For 2009, the fund had a decrease in net assets of \$44,608. The KA Sewer Fund accounts for grant monies that are being utilized to construct the KA sewer system. Net assets of the KA Sewer fund increased \$1,534,034 due to grants awarded during 2009. Contracts for the KA sewer system had been awarded as of year end, and the construction is in progress.

Budgetary Highlights - General Fund

By state statute, the Board of County Commissioners adopts the annual operating budget for the County. Essentially the budget is the County's appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the Ohio Revised Code.

The County had several revisions to the original appropriations approved by the County Commissioners. Overall these changes resulted in an increase from the original budget of \$197,019 in the General Fund. This increase was largely due to the fact that the County advanced and transferred out more than originally budgeted.

The General Fund's budgeted revenue decreased \$154,364 below the original amount during 2009. This is a result of a decline in tax revenue anticipated. Fluctuations in growth and diversity have typically not occurred in Gallia County, allowing departmental managers the ability to consistently predict revenues. The County does not increase its estimated revenues unless there are insufficient revenues to cover the total appropriations of the General Fund.

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Capital Assets and Debt Administration

Capital Assets

The County's investment in capital assets for its governmental and business-type activities as of December 31, 2009 amounts to \$28,410,832 (net of accumulated depreciation). This investment in capital assets includes construction in progress, land and improvements, buildings and improvements, furniture, fixtures, and equipment, vehicles, and infrastructure.

Table 4
 Capital Assets at December 31, 2009 and 2008
 (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008*	2009	2008*
Land	\$ 488,565	\$ 488,565	\$ -	\$ -	\$ 488,565	\$ 488,565
Construction in progress	-	-	1,166,941	476,830	1,166,941	476,830
Land improvements	15,158	17,345	-	-	15,158	17,345
Buildings and improvements	6,558,432	6,501,894	4,135,966	4,286,559	10,694,398	10,788,453
Furniture, fixtures and equipment	2,450,046	2,581,280	-	4,105	2,450,046	2,585,385
Vehicles	1,090,743	1,322,537	-	-	1,090,743	1,322,537
Infrastructure	12,504,981	12,065,711	-	-	12,504,981	12,065,711
Total	<u>\$ 23,107,925</u>	<u>\$ 22,977,332</u>	<u>\$ 5,302,907</u>	<u>\$ 4,767,494</u>	<u>\$ 28,410,832</u>	<u>\$ 27,744,826</u>

* As Restated, See Note 25.

Business-Type Activities construction in progress increased due to construction of the Kanauga Addison (KA) Sewer project beginning. For more information regarding the County's capital assets, see Note 7 of the notes to the basic financial statements.

Debt

At December 31, 2009, the County had total long-term debt obligations outstanding of \$4,411,514. Of this total, \$255,190 is due within one year and \$4,156,324 is due in more than one year. Table 5 below summarizes the bonds and loans outstanding:

Table 5
 Outstanding Debt, at Fiscal Year End

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
General obligation bonds	\$ 1,507,072	\$ 1,559,026	\$ 1,748,900	\$ 1,774,700	\$ 3,255,972	\$ 3,333,726
Loans payable	459,954	539,401	695,588	545,406	1,155,542	1,084,807
Total	<u>\$ 1,967,026</u>	<u>\$ 2,098,427</u>	<u>\$ 2,444,488</u>	<u>\$ 2,320,106</u>	<u>\$ 4,411,514</u>	<u>\$ 4,418,533</u>

See Note 9 to the basic financial statements for detail on the County's long-term debt obligations.

At December 31, 2009, the County had outstanding capital leases for \$6,523, with \$4,658 due within one year reported in governmental activities.

At December 31, 2009, the County's overall legal debt margin was \$12,764,198 with an unvoted debt margin of \$6,456,490.

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Economic Factors

The County's budget for the General Fund in 2010 is conservative. Much of the reason for the conservative budget centers on the slow down in economic growth and uncertainty of the future economic climate. The County continues to have an unemployment rate that is in line with the state rate and slightly higher than the federal rate. However, all of these rates have increased since 1999. A decline is expected to occur in sales tax revenue, since it is the most volatile and subject to decline if the economic slow down continues. The state legislature has reduced the amounts for state based programs including local government and state funded grant programs which may require more local support in order to maintain the current level of service. The County's business-type activities are expected to increase with the completion of the Kanauga Addison (KA) Sewer project and Mercerville Sewer project in 2010/2011. Also, the County is in the planning and grant writing stages of the Green Township Sewer project.

Contacting the County's Financial Management

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, request for additional financial information or about obtaining the separately issued financial statements of the County's component units should be addressed to Larry M. Betz, Gallia County Auditor, Gallia County Courthouse, 18 Locust Street, Gallipolis, Ohio 45631.

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Gallia County
Statement of Net Assets
December 31, 2009

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Gallia-Meigs Regional Airport	Gallco Industries, Inc.
Assets:					
Equity in pooled cash and cash equivalents	\$ 5,165,260	\$ 422,626	\$ 5,587,886	\$ 34,974	\$ -
Cash and cash equivalents:					136,711
In segregated accounts	94,631	-	94,631	-	-
Cash and cash equivalents:					
With fiscal agents	65,793	-	65,793	-	-
Investments with fiscal agents	106,264	-	106,264	-	-
Materials and supplies inventory	74,256	-	74,256	35,782	13,386
Receivables:					
Property taxes	2,966,140	-	2,966,140	-	-
Sales taxes	682,823	-	682,823	-	-
Accounts	252,830	101,224	354,054	288	4,293
Intergovernmental	4,402,571	2,771,031	7,173,602	-	-
Accrued interest	42,944	-	42,944	-	-
Loan	52,625	160,901	213,526	-	-
Prepaid items	50,819	-	50,819	-	-
Internal balances	63,115	(63,115)	-	-	-
Capital assets:					
Nondepreciable capital assets	488,565	1,166,941	1,655,506	-	-
Depreciable capital assets, net	22,619,360	4,135,966	26,755,326	1,123,917	152,719
Total assets	37,127,996	8,695,574	45,823,570	1,194,961	307,109
Liabilities:					
Accounts payable	456,685	3,490	460,175	-	497
Contracts payable	275,020	285,339	560,359	-	-
Intergovernmental payable	534,315	1,739	536,054	-	228
Retainage payable	-	23,328	23,328	-	-
Accrued wages and benefits	396,713	1,833	398,546	-	-
Unearned revenue	3,195,692	-	3,195,692	-	-
Accrued interest payable	-	66,081	66,081	-	-
Deposits held and due to others	22,794	-	22,794	-	-
Deferred proceed of loan	-	160,901	160,901	-	-
Long-term liabilities:					
Due within one year	1,060,878	40,531	1,101,409	-	-
Due in more than one year	2,516,430	2,417,230	4,933,660	-	-
Total liabilities	8,458,527	3,000,472	11,458,999	-	725
Net assets:					
Invested in capital assets, net of related debt	21,134,376	2,795,304	23,929,680	1,123,917	152,719
Restricted for:					
Roads and bridges	2,504,326	-	2,504,326	-	-
Community development projects	944,104	-	944,104	-	-
Judicial	210,813	-	210,813	-	-
Public Safety	342,764	-	342,764	-	-
Other purposes	507,504	-	507,504	-	-
911	347,202	-	347,202	-	-
Real estate assessment	353,125	-	353,125	-	-
Ohio youth commission	264,315	-	264,315	-	-
Health	674,289	-	674,289	-	-
Unrestricted	1,386,651	2,899,798	4,286,449	71,044	153,665
Total net assets	\$ 28,669,469	\$ 5,695,102	\$ 34,364,571	\$ 1,194,961	\$ 306,384

See accompanying notes to the basic financial statements.

Gallia County
Statement of Activities
For the Year Ended December 31, 2009

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General government:				
Legislative and executive	\$ 3,390,089	\$ 1,578,863	\$ 65,564	\$ -
Judicial	1,690,279	580,619	114,725	-
Public safety	5,695,157	1,069,258	308,851	9,250
Public works	4,726,449	44,546	4,679,544	236,364
Health	2,862,493	518,409	1,441,621	-
Human services	7,184,496	373,228	5,941,514	-
Conservation and recreation	320,813	-	10,000	32,931
Community and economic development	514,765	-	903,028	-
Other	266,970	24,414	25,000	-
Intergovernmental	94,743	-	-	-
Interest and fiscal charges	96,124	-	5,692	-
Total governmental activities	<u>26,842,378</u>	<u>4,189,337</u>	<u>13,495,539</u>	<u>278,545</u>
Business-Type Activities:				
KA Sewer	20,294	-	-	1,554,328
Bidwell/Porter Sewer	287,687	233,713	-	-
Sewer	112,135	105,290	-	516,124
Total business-type activities	<u>420,116</u>	<u>339,003</u>	<u>-</u>	<u>2,070,452</u>
Total primary government	<u>\$ 27,262,494</u>	<u>\$ 4,528,340</u>	<u>\$ 13,495,539</u>	<u>\$ 2,348,997</u>
Component Units:				
Gallia-Meigs Regional Airport	\$ 123,995	\$ 85,194	\$ 28,674	\$ -
Galleo Industries, Inc.	143,640	49,143	88,358	-
Total component units	<u>\$ 267,635</u>	<u>\$ 134,337</u>	<u>\$ 117,032</u>	<u>\$ -</u>

General Revenues:

Property taxes levied for:

General purposes

Board of developmental disabilities

Sales taxes levied for:

General purposes

Public safety

Grants and entitlements not restricted to specific programs

Investment earnings

Miscellaneous

Total general revenues

Change in net assets

Net assets at beginning of year - As restated, see Note 25

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 Activities	Total	Gallia-Meigs Regional Airport	Gallco Industries, Inc.	
\$ (1,745,662)	\$ -	\$ (1,745,662)	\$ -	\$ -	-
(994,935)	-	(994,935)	-	-	-
(4,307,798)	-	(4,307,798)	-	-	-
234,005	-	234,005	-	-	-
(902,463)	-	(902,463)	-	-	-
(869,754)	-	(869,754)	-	-	-
(277,882)	-	(277,882)	-	-	-
388,263	-	388,263	-	-	-
(217,556)	-	(217,556)	-	-	-
(94,743)	-	(94,743)	-	-	-
(90,432)	-	(90,432)	-	-	-
<u>(8,878,957)</u>	<u>-</u>	<u>(8,878,957)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	1,534,034	1,534,034	-	-	-
-	(53,974)	(53,974)	-	-	-
-	509,279	509,279	-	-	-
<u>-</u>	<u>1,989,339</u>	<u>1,989,339</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(8,878,957)</u>	<u>1,989,339</u>	<u>(6,889,618)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	(10,127)	-	-
-	-	-	-	(6,139)	-
-	-	-	(10,127)	(6,139)	-
2,114,242	-	2,114,242	-	-	-
916,948	-	916,948	-	-	-
3,220,572	-	3,220,572	-	-	-
805,075	-	805,075	-	-	-
1,404,502	-	1,404,502	-	-	-
304,810	9,348	314,158	-	912	-
353,562	37	353,599	-	-	-
<u>9,119,711</u>	<u>9,385</u>	<u>9,129,096</u>	<u>-</u>	<u>912</u>	<u>-</u>
240,754	1,998,724	2,239,478	(10,127)	(5,227)	-
28,428,715	3,696,378	32,125,093	1,205,088	311,611	-
<u>\$ 28,669,469</u>	<u>\$ 5,695,102</u>	<u>\$ 34,364,571</u>	<u>\$ 1,194,961</u>	<u>\$ 306,384</u>	<u>-</u>

Gallia County
Balance Sheet
Governmental Funds
December 31, 2009

	General	Motor Vehicle and Gas Tax	Job and Family Services
Assets:			
Equity in pooled cash and cash equivalents	\$ 1,175,854	\$ 1,217,033	\$ 167,133
Cash and cash equivalents:			
In segregated accounts	-	-	-
Cash and cash equivalents:			
With fiscal agents	-	-	-
Investments with fiscal agents	-	-	-
Materials and supplies inventory	-	74,256	-
Receivables:			
Property taxes	1,939,399	-	-
Sales taxes	546,258	-	-
Accounts	46,018	-	-
Intergovernmental	388,843	1,941,217	96,089
Interfund	176,234	-	55,059
Accrued interest	42,944	-	-
Loan	-	-	-
Prepaid items	50,819	-	-
Total assets	<u>\$ 4,366,369</u>	<u>\$ 3,232,506</u>	<u>\$ 318,281</u>
Liabilities:			
Accounts payable	\$ 104,839	\$ 108,614	\$ 98,559
Contracts payable	-	266,538	-
Accrued wages and benefits	135,366	66,923	45,557
Intergovernmental payable	142,020	43,509	111,835
Interfund payable	-	-	61,220
Deferred revenue	2,241,816	1,337,132	357,887
Deposits held and due to others	22,794	-	-
Total liabilities	<u>2,646,835</u>	<u>1,822,716</u>	<u>675,058</u>
Fund Balances:			
Reserved for encumbrances	35,498	12,051	-
Reserved for materials and supplies inventory	-	74,256	-
Reserved for loans	-	-	-
Reserved for unclaimed monies	22,794	-	-
Unreserved:			
Undesignated, reported in:			
General fund	1,661,242	-	-
Special revenue funds	-	1,323,483	(356,777)
Capital projects funds	-	-	-
Total fund balances	<u>1,719,534</u>	<u>1,409,790</u>	<u>(356,777)</u>
Total liabilities and fund balances	<u>\$ 4,366,369</u>	<u>\$ 3,232,506</u>	<u>\$ 318,281</u>

See accompanying notes to the basic financial statements.

Board of Developmental Disabilities	Community Development Block Grant	Other Governmental Funds	Total Governmental Funds
\$ 77,974	\$ 184	\$ 2,024,026	\$ 4,662,204
289	-	94,342	94,631
65,793	-	-	65,793
106,264	-	-	106,264
-	-	-	74,256
1,026,741	-	-	2,966,140
-	-	136,565	682,823
-	-	206,812	252,830
530,092	764,349	681,981	4,402,571
-	-	14,279	245,572
-	-	-	42,944
-	-	52,625	52,625
-	-	-	50,819
<u>\$ 1,807,153</u>	<u>\$ 764,533</u>	<u>\$ 3,210,630</u>	<u>\$ 13,699,472</u>
\$ 30,900	\$ 9,816	\$ 103,957	\$ 456,685
7,433	-	1,049	275,020
46,331	-	102,536	396,713
59,549	-	177,402	534,315
37,500	-	83,737	182,457
1,376,312	764,349	517,073	6,594,569
-	-	-	22,794
<u>1,558,025</u>	<u>774,165</u>	<u>985,754</u>	<u>8,462,553</u>
266	-	5,809	53,624
-	-	52,625	74,256
-	-	-	52,625
-	-	-	22,794
-	-	-	1,661,242
248,862	(9,632)	2,166,434	3,372,370
-	-	8	8
<u>249,128</u>	<u>(9,632)</u>	<u>2,224,876</u>	<u>5,236,919</u>
<u>\$ 1,807,153</u>	<u>\$ 764,533</u>	<u>\$ 3,210,630</u>	<u>\$ 13,699,472</u>

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Gallia County
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 December 31, 2009*

Total governmental fund balances		\$ 5,236,919
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		23,107,925
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Property taxes	250,317	
Charges for services	254,691	
Intergovernmental	2,893,869	
Total	3,398,877	3,398,877
An internal service fund is used by management to charge the cost of insurance to individuals. The assets of the internal service fund are included in governmental activities in the statement of net assets.		503,056
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General obligation bonds and loans	(1,967,026)	
Compensated absences	(1,603,759)	
Capital leases payable	(6,523)	
Total	(3,577,308)	(3,577,308)
Net assets of governmental activities		\$ 28,669,469

See accompanying notes to the basic financial statements.

Gallia County
Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 For the Year Ended December 31, 2009

	General	Motor Vehicle and Gas Tax	Job and Family Services
Revenues:			
Property taxes	\$ 1,966,926	\$ -	\$ -
Sales taxes	3,220,572	-	-
Charges for services	1,324,526	-	210,292
Licenses and permits	2,948	-	-
Fines and forfeitures	38,017	12,810	-
Intergovernmental	1,317,475	4,489,768	4,584,408
Interest	304,810	25,197	-
Contributions and donations	340	-	-
Other	149,525	68,080	4,665
Total revenues	<u>8,325,139</u>	<u>4,595,855</u>	<u>4,799,365</u>
Expenditures:			
Current:			
General government:			
Legislative and executive	2,323,182	-	-
Judicial	1,224,188	-	-
Public safety	2,903,141	-	-
Public works	155,074	3,309,298	-
Health	155,557	-	-
Human services	290,585	-	4,893,908
Conservation and recreation	299,800	-	-
Community and economic development	-	-	-
Other	266,970	-	-
Capital outlay	50,000	924,462	62,305
Intergovernmental	-	-	29,673
Debt service:			
Principal retirement	-	2,078	141,430
Interest and fiscal charges	-	346	7,605
Total expenditures	<u>7,668,497</u>	<u>4,236,184</u>	<u>5,134,921</u>
Excess of revenues over (under) expenditures	<u>656,642</u>	<u>359,671</u>	<u>(335,556)</u>
Other financing sources (uses):			
Proceeds from loan	-	-	-
Transfers in	-	-	211,372
Transfers out	(950,471)	(56,900)	-
Total other financing sources (uses)	<u>(950,471)</u>	<u>(56,900)</u>	<u>211,372</u>
Net change in fund balances	(293,829)	302,771	(124,184)
Fund balances at beginning of year - As restated, see Note 25	<u>2,013,363</u>	<u>1,107,019</u>	<u>(232,593)</u>
Fund balances at end of year	<u>\$ 1,719,534</u>	<u>\$ 1,409,790</u>	<u>\$ (356,777)</u>

See accompanying notes to the basic financial statements.

Board of Developmental Disabilities	Community Development Block Grant	Other Governmental Funds	Total Governmental Funds
\$ 915,392	\$ -	\$ -	\$ 2,882,318
-	-	805,075	4,025,647
336,386	-	2,336,527	4,207,731
-	-	-	2,948
-	-	1,926	52,753
1,421,132	566,843	2,136,989	14,516,615
7,717	-	5,411	343,135
13,700	-	7,514	21,554
4,888	-	113,904	341,062
<u>2,699,215</u>	<u>566,843</u>	<u>5,407,346</u>	<u>26,393,763</u>
-	-	907,001	3,230,183
-	-	415,002	1,639,190
-	-	2,523,982	5,427,123
-	-	173,063	3,637,435
2,466,633	-	156,810	2,779,000
-	-	1,742,351	6,926,844
-	-	7,500	307,300
-	513,702	1,063	514,765
-	-	-	266,970
75,986	-	695,135	1,807,888
-	65,070	-	94,743
2,215	-	139,971	285,694
298	-	87,875	96,124
<u>2,545,132</u>	<u>578,772</u>	<u>6,849,753</u>	<u>27,013,259</u>
<u>154,083</u>	<u>(11,929)</u>	<u>(1,442,407)</u>	<u>(619,496)</u>
-	-	150,000	150,000
-	-	936,252	1,147,624
(91,212)	-	(49,041)	(1,147,624)
<u>(91,212)</u>	<u>-</u>	<u>1,037,211</u>	<u>150,000</u>
62,871	(11,929)	(405,196)	(469,496)
<u>186,257</u>	<u>2,297</u>	<u>2,630,072</u>	<u>5,706,415</u>
<u>\$ 249,128</u>	<u>\$ (9,632)</u>	<u>\$ 2,224,876</u>	<u>\$ 5,236,919</u>

Gallia County
*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, 2009*

Net change in fund balances - total governmental funds \$ (469,496)

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

Governmental funds report capital outlays as expenditures. 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 asset additions	1,886,042	
Depreciation expense	(1,755,449)	
Excess of capital additions over depreciation expense		130,593

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	148,872	
Charges for services	(74,095)	
Intergovernmental	627,917	
Other	12,500	
Interest	(38,325)	
Total		676,869

Repayment of bond principal and capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 285,694

Proceeds of loans provide current financial resources and are reported as a financing source in the governmental funds, but are not reported as such in the statement of activities. (150,000)

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (90,809)

The internal service fund used by management to charge the cost of insurance to individual funds is not reported in the government-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities. (142,097)

Change in net assets of governmental activities \$ 240,754

See accompanying notes to the basic financial statements.

Gallia County
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual (Non-GAAP Basis)
General Fund
For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property taxes	\$ 1,750,917	\$ 1,966,926	\$ 1,966,926	\$ -
Sales taxes	3,402,749	3,215,336	3,215,336	-
Charges for services	1,174,207	1,313,057	1,313,057	-
Licenses and permits	2,582	2,948	2,948	-
Fines and forfeitures	51,850	34,514	34,514	-
Intergovernmental	1,322,499	1,317,251	1,317,251	-
Interest	360,000	313,144	313,144	-
Contributions and Donations	250	340	340	-
Other	403,417	138,640	138,640	-
Total revenues	<u>8,468,471</u>	<u>8,302,156</u>	<u>8,302,156</u>	<u>-</u>
Expenditures:				
Current:				
General government:				
Legislative and executive	2,285,219	2,287,741	2,315,643	(27,902)
Judicial	1,226,558	1,224,369	1,233,944	(9,575)
Public safety	2,959,347	2,912,209	2,949,839	(37,630)
Public works	184,985	158,546	160,291	(1,745)
Health	163,328	151,359	167,690	(16,331)
Human services	329,720	284,851	318,833	(33,982)
Conservation and recreation	299,800	299,800	299,800	-
Other	253,088	266,356	267,444	(1,088)
Capital outlay	56,889	50,000	50,000	-
Total expenditures	<u>7,758,934</u>	<u>7,635,231</u>	<u>7,763,484</u>	<u>(128,253)</u>
Excess of revenues over (under) expenditures	<u>709,537</u>	<u>666,925</u>	<u>538,672</u>	<u>(128,253)</u>
Other financing sources (uses):				
Sale of capital assets	5,800	5,251	5,251	-
Advances - in	38,729	51,229	51,229	-
Advances - out	-	(134,046)	(134,046)	-
Transfers - out	(763,795)	(950,471)	(950,471)	-
Total other financing sources (uses)	<u>(719,266)</u>	<u>(1,028,037)</u>	<u>(1,028,037)</u>	<u>-</u>
Net change in fund balance	(9,729)	(361,112)	(489,365)	(128,253)
Fund balance at beginning of year	1,361,501	1,361,501	1,361,501	-
Prior year encumbrances appropriated	204,242	204,242	204,242	-
Fund balance at end of year	<u>\$ 1,556,014</u>	<u>\$ 1,204,631</u>	<u>\$ 1,076,378</u>	<u>\$ (128,253)</u>

See accompanying notes to the basic financial statements.

Gallia County
*Statement of Revenues, Expenditures and Changes in Fund Balance -
 Budget and Actual (Non-GAAP Basis)
 Motor Vehicle and Gas Tax Fund
 For the Year Ended December 31, 2009*

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and forfeitures	\$ 27,000	\$ 12,810	\$ 12,810	\$ -
Intergovernmental	4,173,400	4,096,937	4,096,937	-
Interest	23,600	25,197	25,197	-
Other	276,000	68,080	68,080	-
Total revenues	<u>4,500,000</u>	<u>4,203,024</u>	<u>4,203,024</u>	<u>-</u>
Expenditures:				
Current:				
Public works	4,267,305	3,262,856	3,259,750	3,106
Capital outlay	346,200	582,791	585,842	(3,051)
Total expenditures	<u>4,613,505</u>	<u>3,845,647</u>	<u>3,845,592</u>	<u>55</u>
Excess of revenues over (under) expenditures	<u>(113,505)</u>	<u>357,377</u>	<u>357,432</u>	<u>55</u>
Other financing sources (uses):				
Transfers Out	<u>(56,900)</u>	<u>(56,900)</u>	<u>(56,900)</u>	<u>-</u>
Total other financing sources (uses)	<u>(56,900)</u>	<u>(56,900)</u>	<u>(56,900)</u>	<u>-</u>
Net change in fund balance	(170,405)	300,477	300,532	55
Fund balance at beginning of year	567,039	567,039	567,039	-
Prior year encumbrances appropriated	<u>30,161</u>	<u>30,161</u>	<u>30,161</u>	<u>-</u>
Fund balance at end of year	<u>\$ 426,795</u>	<u>\$ 897,677</u>	<u>\$ 897,732</u>	<u>\$ 55</u>

See accompanying notes to the basic financial statements.

Gallia County
*Statement of Revenues, Expenditures and Changes in Fund Balance -
 Budget and Actual (Non-GAAP Basis)
 Job and Family Services Fund
 For the Year Ended December 31, 2009*

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for services	\$ 1,208,934	\$ 199,768	\$ 199,768	\$ -
Intergovernmental	5,384,508	4,414,851	4,414,851	-
Other	12,544	4,665	4,665	-
Total revenues	<u>6,605,986</u>	<u>4,619,284</u>	<u>4,619,284</u>	<u>-</u>
Expenditures:				
Current:				
Human services	6,356,831	4,953,505	4,874,117	79,388
Capital Outlay	44,007	62,525	62,305	220
Intergovernmental	29,673	29,673	29,673	-
Debt Service:				
Principal	141,430	141,430	141,430	-
Interest and fiscal charges	7,605	7,605	7,605	-
Total expenditures	<u>6,579,546</u>	<u>5,194,738</u>	<u>5,115,130</u>	<u>79,608</u>
Excess of revenues over (under) expenditures	<u>26,440</u>	<u>(575,454)</u>	<u>(495,846)</u>	<u>79,608</u>
Other financing sources (uses):				
Transfers - in	246,000	211,372	211,372	-
Advances - in	-	40,282	40,282	-
Total other financing sources (uses)	<u>246,000</u>	<u>251,654</u>	<u>251,654</u>	<u>-</u>
Net change in fund balance	272,440	(323,800)	(244,192)	79,608
Fund balance at beginning of year	215,820	215,820	215,820	-
Prior year encumbrances appropriated	195,503	195,503	195,503	-
Fund balance at end of year	<u>\$ 683,763</u>	<u>\$ 87,523</u>	<u>\$ 167,131</u>	<u>\$ 79,608</u>

See accompanying notes to the basic financial statements.

Gallia County
*Statement of Revenues, Expenditures and Changes in Fund Balance -
 Budget and Actual (Non-GAAP Basis)
 Board of Developmental Disabilities Fund
 For the Year Ended December 31, 2009*

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property taxes	\$ 837,862	\$ 915,392	\$ 915,392	\$ -
Charges for services	351,553	318,736	318,736	-
Intergovernmental	1,374,838	1,371,624	1,371,624	-
Contributions and donations	5,000	13,700	13,700	-
Other	4,668	4,888	4,888	-
Total revenues	<u>2,573,921</u>	<u>2,624,340</u>	<u>2,624,340</u>	<u>-</u>
Expenditures:				
Current:				
Health	2,496,165	2,462,279	2,462,279	-
Capital Outlay	<u>15,000</u>	<u>68,553</u>	<u>68,553</u>	<u>-</u>
Total expenditures	<u>2,511,165</u>	<u>2,530,832</u>	<u>2,530,832</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>62,756</u>	<u>93,508</u>	<u>93,508</u>	<u>-</u>
<u>Other financing sources (uses):</u>				
Advances - in	-	50,000	50,000	-
Advances - out	-	(12,500)	(12,500)	-
Transfers - out	<u>(91,212)</u>	<u>(91,212)</u>	<u>(91,212)</u>	<u>-</u>
Total other financing sources (uses)	<u>(91,212)</u>	<u>(53,712)</u>	<u>(53,712)</u>	<u>-</u>
Net change in fund balance	(28,456)	39,796	39,796	-
Fund balance at beginning of year	<u>35,895</u>	<u>35,895</u>	<u>35,895</u>	<u>-</u>
Fund balance at end of year	<u>\$ 7,439</u>	<u>\$ 75,691</u>	<u>\$ 75,691</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

Gallia County
*Statement of Revenues, Expenditures and Changes in Fund Balance -
 Budget and Actual (Non-GAAP Basis)
 Community Development Block Grant Fund
 For the Year Ended December 31, 2009*

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 294,985	\$ 566,843	\$ 566,843	\$ -
Total revenues	<u>294,985</u>	<u>566,843</u>	<u>566,843</u>	<u>-</u>
Expenditures:				
Current:				
Community and economic development	494,313	505,778	505,778	-
Intergovernmental	<u>65,070</u>	<u>65,070</u>	<u>65,070</u>	<u>-</u>
Total expenditures	<u>559,383</u>	<u>570,848</u>	<u>570,848</u>	<u>-</u>
Net change in fund balance	(264,398)	(4,005)	(4,005)	-
Fund balance at beginning of year	<u>4,189</u>	<u>4,189</u>	<u>4,189</u>	<u>-</u>
Fund balance at end of year	<u>\$ (260,209)</u>	<u>\$ 184</u>	<u>\$ 184</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

Gallia County
Statement of Fund Net Assets
Proprietary Funds
December 31, 2009

	KA Sewer	Bidwell/Porter Sewer	Other Enterprise Funds	Total Enterprise	Governmental Activities Internal Service
Assets:					
Current assets:					
Equity in pooled cash and cash equivalents	\$ 1	\$ 405,541	\$ 17,084	\$ 422,626	\$ 503,056
Receivables					
Accounts	-	85,975	15,249	101,224	-
Loans	160,901	-	-	160,901	-
Intergovernmental	2,271,031	-	500,000	2,771,031	-
Total current assets	<u>2,431,933</u>	<u>491,516</u>	<u>532,333</u>	<u>3,455,782</u>	<u>503,056</u>
Noncurrent assets:					
Non-depreciable capital assets	924,801	-	242,140	1,166,941	-
Depreciable capital assets, net	-	3,797,485	338,481	4,135,966	-
Total assets	<u>3,356,734</u>	<u>4,289,001</u>	<u>1,112,954</u>	<u>8,758,689</u>	<u>503,056</u>
Liabilities:					
Current liabilities:					
Accounts payable	-	-	3,490	3,490	-
Contracts payable	270,105	704	14,530	285,339	-
Accrued wages and benefits	-	876	957	1,833	-
Intergovernmental payable	-	831	908	1,739	-
Interfund payable	51,240	-	11,875	63,115	-
Retainage payable	23,328	-	-	23,328	-
Accrued interest payable	-	66,081	-	66,081	-
Compensated absences	-	-	7,681	7,681	-
General obligation bonds payable	-	27,100	-	27,100	-
Deferred proceeds of loans	160,901	-	-	160,901	-
OPWC loans payable	-	5,750	-	5,750	-
Total current liabilities	<u>505,574</u>	<u>101,342</u>	<u>39,441</u>	<u>646,357</u>	<u>-</u>
Long-term liabilities:					
Compensated absences	-	-	5,592	5,592	-
General obligation bonds payable	-	1,721,800	-	1,721,800	-
OPWC loans payable	-	138,000	-	138,000	-
OWDA loans payable	396,401	-	155,437	551,838	-
Total long-term liabilities	<u>396,401</u>	<u>1,859,800</u>	<u>161,029</u>	<u>2,417,230</u>	<u>-</u>
Total liabilities	<u>901,975</u>	<u>1,961,142</u>	<u>200,470</u>	<u>3,063,587</u>	<u>-</u>
Net assets:					
Invested in capital assets, net of related debt	477,160	1,904,835	413,309	2,795,304	-
Unrestricted	1,977,599	423,024	499,175	2,899,798	503,056
Total net assets	<u>\$ 2,454,759</u>	<u>\$ 2,327,859</u>	<u>\$ 912,484</u>	<u>\$ 5,695,102</u>	<u>\$ 503,056</u>

See accompanying notes to the basic financial statements.

Gallia County
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Year Ended December 31, 2009

	KA Sewer	Bidwell/Porter Sewer	Other Enterprise Funds	Total Enterprise	Governmental Activities Internal Service
Operating revenues:					
Charges for services	\$ -	\$ 233,713	\$ 105,290	\$ 339,003	\$ -
Other	-	-	-	-	457,634
Total operating revenues	<u>-</u>	<u>233,713</u>	<u>105,290</u>	<u>339,003</u>	<u>457,634</u>
Operating expenses:					
Personal services	-	30,681	33,507	64,188	599,731
Contract services	-	20,642	68,265	88,907	-
Materials and supplies	-	12,341	5,364	17,705	-
Depreciation	-	133,919	20,779	154,698	-
Other	-	11,113	-	11,113	-
Total operating expenses	<u>-</u>	<u>208,696</u>	<u>127,915</u>	<u>336,611</u>	<u>599,731</u>
Operating income (loss)	<u>-</u>	<u>25,017</u>	<u>(22,625)</u>	<u>2,392</u>	<u>(142,097)</u>
Nonoperating revenues (expenses):					
Interest income	-	9,348	-	9,348	-
Other non-operating revenues (expenses)	(20,294)	18	15,799	(4,477)	-
Interest and fiscal charges	-	(78,991)	-	(78,991)	-
Total nonoperating revenues (expenses)	<u>(20,294)</u>	<u>(69,625)</u>	<u>15,799</u>	<u>(74,120)</u>	<u>-</u>
Income/(loss) before capital contributions	(20,294)	(44,608)	(6,826)	(71,728)	(142,097)
Capital contributions - intergovernmental	<u>1,554,328</u>	<u>-</u>	<u>516,124</u>	<u>2,070,452</u>	<u>-</u>
Change in net assets	1,534,034	(44,608)	509,298	1,998,724	(142,097)
Net assets at beginning of year - As restated, see Note 25	<u>920,725</u>	<u>2,372,467</u>	<u>403,186</u>	<u>3,696,378</u>	<u>645,153</u>
Net assets at end of year	<u>\$ 2,454,759</u>	<u>\$ 2,327,859</u>	<u>\$ 912,484</u>	<u>\$ 5,695,102</u>	<u>\$ 503,056</u>

See accompanying notes to the basic financial statements.

Gallia County
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2009

	KA Sewer	Bidwell/Porter Sewer	Other Enterprise Funds	Total Enterprise	Governmental Activities Internal Service
Cash flows from operating activities:					
Cash received from customers	\$ -	\$ 209,554	\$ 93,459	\$ 303,013	\$ -
Cash received from other operating receipts	-	-	-	-	457,634
Cash payments for personal services	-	(30,695)	(36,387)	(67,082)	-
Cash payments for contract services, materials and supplies, and other	-	(45,227)	(68,318)	(113,545)	(599,731)
Net cash provided by (used for) operating activities	-	133,632	(11,246)	122,386	(142,097)
Cash flows from noncapital financing activities:					
Cash received from other sources	-	18	19	37	-
Cash received from advances in	11,240	-	8,125	19,365	-
Net cash provided by noncapital financing activities	11,240	18	8,144	19,402	-
Cash flows from capital and related financing activities:					
Receipts from capital grants	208,298	-	16,124	224,422	-
Proceeds from OWDA loan	655,875	-	112,488	768,363	-
Principal paid on notes and loans	(598,556)	(37,300)	(8,125)	(643,981)	-
Interest paid on notes and loans	-	(79,862)	-	(79,862)	-
Acquisition of capital assets	(276,856)	-	(128,612)	(405,468)	-
Net cash used for capital and related financing activities	(11,239)	(117,162)	(8,125)	(136,526)	-
Cash flows from investing activities:					
Cash received from interest	-	9,348	-	9,348	-
Net increase (decrease) in cash and cash equivalents	1	25,836	(11,227)	14,610	(142,097)
Cash and cash equivalents at beginning of year	-	379,705	28,311	408,016	645,153
Cash and cash equivalents at end of year	<u>\$ 1</u>	<u>\$ 405,541</u>	<u>\$ 17,084</u>	<u>\$ 422,626</u>	<u>\$ 503,056</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	\$ -	\$ 25,017	\$ (22,625)	\$ 2,392	\$ (142,097)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	-	133,919	20,779	154,698	-
Changes in assets and liabilities:					
(Increase) decrease in assets:					
Accounts receivable	-	(24,159)	(11,831)	(35,990)	-
Increase (decrease) in liabilities:					
Accounts payable	-	-	3,490	3,490	-
Contracts payable	-	(1,131)	1,821	690	-
Accrued wages and benefits	-	105	116	221	-
Intergovernmental payable	-	(119)	(3,881)	(4,000)	-
Retainage Payable	-	-	-	-	-
Compensated absences payable	-	-	885	885	-
Net cash provided by (used for) operating activities	<u>\$ -</u>	<u>\$ 133,632</u>	<u>\$ (11,246)</u>	<u>\$ 122,386</u>	<u>\$ (142,097)</u>

See accompanying notes to the basic financial statements.

Gallia County
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
December 31, 2009

		Agency
Assets:		
Equity in pooled cash and cash equivalents	\$	3,353,414
Cash and cash equivalents:		
In segregated accounts		641,421
Receivables:		
Property taxes		22,620,827
Accounts		254,018
Intergovernmental		1,812,856
Special assessments		37,454
Total assets	\$	28,719,990
 Liabilities:		
Intergovernmental payable	\$	24,803,738
Undistributed monies		3,908,064
Deposits held and due to others		8,188
Total liabilities	\$	28,719,990

See accompanying notes to the basic financial statements.

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

NOTE 1 - DESCRIPTION OF GALLIA COUNTY AND REPORTING ENTITY

Gallia County, Ohio (the County), was created in 1803. 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 County Auditor, County Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, a Common Pleas Court Judge and a Probate/Juvenile 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

For financial reporting purposes, the County complies with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement No. 39, in defining the financial reporting entity. The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the County are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the County. For Gallia County, this includes the Gallia County Board of Developmental Disabilities, Gallia County Children Services Board, Gallia County Department of Job and Family Services and departments and activities that are directly operated by the elected County officials.

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

Discretely Presented Components Units

The component unit columns in the basic financial statements identify the financial data of the County's component units, Gallco Industries, Inc. and the Gallia-Meigs Regional Airport. They are reported separately to emphasize that they are legally separate from the County.

Gallco Industries, Inc. - Gallco Industries, Inc. is a legally separate, not-for-profit corporation organized under Chapter 1702 O.R.C. and classified as a 501(C)(3) non-profit corporation. Gallco Industries, Inc., under a contractual agreement with Gallia County Board of Developmental Disabilities, provides sheltered employment for developmentally disabled or handicapped adults in Gallia County. Based on the significant services and resources provided by the County to Gallco Industries, Inc. and their sole purpose of providing assistance to the developmentally disabled and handicapped adults of Gallia County, Gallco Industries, Inc. is reflected as a discretely presented component unit of Gallia County. Gallco Industries, Inc. operates on a calendar year basis. Complete financial statements of the component unit can be obtained from the offices of Gallco Industries, Inc., Post Office Box 14, Cheshire, Ohio 45620.

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

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

Gallia-Meigs Regional Airport - The Gallia-Meigs Regional Airport operates under a separate board that consists of five members appointed by Gallia County. The Gallia County Commissioners approve the budget, expenditures, fund deficits and are directly responsible for their debt. All of the land and capital assets at the Airport belong to the County. The Airport utilizes the facilities of the County. A manager contracted by the Airport Authority board operates as a fixed based operator. The Airport generates revenue from sales and rental space. Grants are applied for by the County Commissioners in the Airport Authority's name. Meigs County does not contribute financially to the Airport operations. The Gallia-Meigs Regional Airport is reflected as a discretely presented component unit of Gallia County. Financial statements of the component unit can be obtained from the Gallia County Commissioners' Office, Gallia County Courthouse, 18 Locust Street, Gallipolis, OH 45631.

The following entities have been excluded from the County's financial statements because the County is not financially accountable for these organizations nor are these entities for which the County approves the budget, the issuance of debt, or the levying of taxes:

- Gallia County Agricultural Society
- Gallia County Historical Society
- Gallia County Cooperative Extension Services
- Gallia County Rural Water Association
- Community Improvement Corporation
- Gallia County Board of Education
- Gallia-Jackson-Vinton Joint Vocational School
- Gallia, Jackson, Vinton ABLE Center
- Gallia, Jackson, Vinton Retired and Senior Volunteer Program
- Gallia County Animal Welfare, Inc.

The County is associated with the following organizations that are defined as jointly governed organizations, related organizations or shared risk pools. These organizations are presented in Notes 18, 19 and 20 to the basic financial statements.

- Joint Solid Waste Management District
- Gallia-Jackson-Meigs Counties Board of Alcohol, Drug Addiction and Mental Health Services (ADAMH)
- Gallia-Jackson-Meigs Counties Cluster
- Area Agency on Aging District 7, Inc.
- Ohio Valley Resource Conservation and Development Area, Inc.
- Southeastern Ohio Corrections Commission
- Gallia-Meigs Community Action Agency
- Gallia-Jackson Child Abuse and Neglect Advisory Board
- Ohio Valley Regional Development Commission
- Southern Ohio Council of Governments
- O.O. McIntyre Park District
- Bossard Memorial Library
- Gallia Metropolitan Housing Authority
- County Risk Sharing Authority (CORSA)
- County Commissioners Association of Ohio Workers' Compensation Group Rating Plan

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

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

The Gallia-Jackson-Meigs Counties Board of Alcohol, Drug Addiction and Mental Health Services (ADAMH) and the O.O. McIntyre Park District are presented as agency funds of the County because the County Auditor serves as the fiscal agent for these organizations.

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 legally separate agencies, boards and commissions listed below, the County serves as fiscal agent, but is not financially accountable for their operations nor are they fiscally dependent on the County. Accordingly, the activity of the following districts and agencies are presented as agency funds within the County's financial statements.

Gallia County Health Department is governed by a five member Board of Health which oversees the operation of the Health District. The Board is elected by a District Advisory Council comprised of township trustees, county commissioners and mayors of participating municipalities. The Board adopts its own budget and hires and fires its own staff. The Board has sole budgetary authority, and controls surpluses and deficits. The County is not legally obligated for the Health District's debt.

Gallia County Soil and Water Conservation District is statutorily created as a separate and distinct political subdivision of the State. The five Supervisors of the Soil and Water Conservation District are elected officials authorized to contract and sue on behalf of the District. The Supervisors adopt their own budget, authorize District expenditures, hire and fire staff, and do not rely on the County to finance deficits. The District submits a budget to the Board of County Commissioners for inclusion on the County's annual appropriation resolution. The Ohio Department of Natural Resources provides funding to match what is provided by the County out of the General Fund.

Local Emergency Planning Committee (LEPC) of Gallia County is a single county district. The State Emergency Response Commission designates Emergency Planning Districts within the state. The committee members are recommended by the County Commissioners for approval by the State Emergency Response Commission. The LEPC receives operating resources in the form of grants from the State. The activities of the LEPC are accounted for as an agency fund of the County. The County has no ability to impose its will on the organization. No benefit/burden relationship exists. The County's accountability ceases with the recommendation of appointments of committee members.

Gallia County Law Library Association is operated under a separate board of directors, who currently consist of the common pleas judge, a practicing attorney and the Gallipolis City solicitor, all appointed by the Gallia County Bar Association. Although the County contributes to the operation of the Law Library Association, the County is not involved in the selection of trustees or management of the Law Library Association or in the authorization of expenditures. House Bills 363 and 66 required the County Library Association to reimburse the County for twenty percent of the Law Librarian's salary and one hundred percent of Ohio Public Employees Retirement System and workers compensation. House Bill (HB) 420 of the 127th General Assembly repealed the provisions of HB 66 and HB 363 that set a phase-out funding schedule between the counties and Law Library Associations. Therefore, as of January 1, 2009, counties are responsible for paying for library space and librarian compensation. Commencing July 1, 2009, HB 420 creates a Law library Resources Board (LLRB) in each county. The LLRB will replace the Law Library Associations, becoming the managing and decision making authority for the Law Library.

House Bill (HB) 420 of the 127th General Assembly created a Law Library Resources Fund (LLRF) effective January 1, 2010 (Ohio Rev. Code Section 307.514). On or before January 1, 2010 the Library must transfer its public cash and property purchased with public funds to the County. The Gallia County Law Library Association transferred all funds totaling \$402 on December 31, 2009 to the County. Gallia County will assume accounting responsibilities for these funds commencing in 2010, and the County will present these funds in its financial statements. Expenditures from the LLRF for 2010 shall be made pursuant to the annual appropriation measure adopted by the Gallia County Commissioners.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Gallia County Council on Aging is operated under a separate board of directors, which currently consists of 18 members from various clubs, companies, and the Gallia County community. Although the County collects tax monies for the Council, the County is not involved in the selection of directors or management of the Council on Aging or in the authorization of expenditures.

Gallia County Family and Children First Council is controlled by an oversight committee. The chair of the County Commissioners serves on the committee. The County is the fiscal agent for the Council's monies.

The basic financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States of America (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 follows GASB guidance as applicable to its governmental and business-type activities, and Financial Accounting Standards Board (FASB) statements and interpretations, Accounting Principles Board opinions, and Accounting Research Board bulletins issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements or that have been made applicable by the GASB. The County has elected to follow GASB guidance for business-type activities and enterprise funds rather than FASB guidance issued after November 30, 1989. The most significant of the County's accounting policies are described below.

A. 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 activity of the Internal Service Fund is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the County that are governmental 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 single business-type activity 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. The policy of the County is to not allocate indirect expenses to functions in the statement of activities. 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 business segment or governmental function is self-financing or draws from the general revenues of the County.

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 rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The Internal Service Fund is presented in a separate column on the face of the proprietary fund statement. Fiduciary funds are reported by type.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

B. Fund Accounting

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

Governmental Funds - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes 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 Fund - This fund is the operating fund of the County and is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the County for any purpose provided it is expended or transferred according to the general laws of Ohio.

Motor Vehicle and Gas Tax Fund - This fund accounts for the County road and bridge maintenance, repair and improvement programs. Revenue sources include Federal and State grants and distributions.

Job and Family Services Fund - This fund accounts for various Federal and State grants, as well as transfers from the General Fund that are used to provide public assistance to general relief recipients and to pay their providers of medical assistance and certain public social services.

Board of Developmental Disabilities Fund - This fund accounts for the operation of a school, workshop and resident homes for the developmentally disabled. Revenue sources include a county-wide property tax levy and Federal and State grants.

Community Development Block Grant Fund - This fund accounts for federal community development block grant monies. The funds are expended by the County in poverty and low-income areas or awarded to other subdivisions for capital improvement projects that meet the federal criteria.

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

Proprietary Funds - Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods and services. The following are the County's major enterprise funds:

Bidwell/Porter Sewer Fund - The Bidwell/Porter Sewer Fund accounts for the operation of the Bidwell/Porter sewer system.

KA Sewer Fund - The KA Sewer Fund accounts for grant monies that will be utilized to construct the KA Sewer System.

Internal Service Fund – The Employee Benefits Trust Fund Internal Service Fund accounts for funds held in reserve to cover excess costs in providing health insurance for the County's employees.

Fiduciary Funds - Fiduciary fund reporting focuses on net assets and changes in net assets. The County's fiduciary funds consist of agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

The County's agency funds account for assets held for political subdivisions in which the County acts as fiscal agent and for taxes, state-levied shared revenues, and fines and forfeitures that have been collected and which will be distributed to other political subdivisions.

C. Measurement Focus

Government-Wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the County are included on the statement of net assets. The statement of activities presents increases (i.e., revenues) and decreases (i.e., 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. 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.

Like the government-wide statements, all proprietary fund types are accounted for on 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 net assets. The statement of revenues, expenses and changes in net assets presents increases (i.e., revenues) and decreases (i.e., 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 proprietary activities.

D. 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. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual bases of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange 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 a modified accrual basis, revenue is recorded in the fiscal year in which the resources are "measurable" and become "available". "Measurable" means the amount of the transaction can be determined and "available" means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the County, "available" means expected to be received within sixty days of year-end.

Nonexchange transactions, in which the County receives value without directly giving equal value in return, include sales taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 11). Revenue from grants, entitlements and donations is recognized in the fiscal 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 nonexchange 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: delinquent property taxes, sales taxes, charges for services and fees, fines and forfeitures, state levied locally shared taxes (including motor vehicle license fees and gasoline taxes), grants, and interest.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Unearned/Deferred Revenue – Unearned/Deferred revenue arises 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, 2009, but which were levied to finance fiscal year 2010 operations, have been recorded as unearned/deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as unearned/deferred revenue.

On the 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.

E. Budgetary Process

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

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

The appropriations resolution is subject to amendment by the County Commissioners throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the original budget approved by the County Commissioners. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the County Commissioners during the year.

F. Cash and Cash Equivalents

To improve cash management, cash received by the County is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the County's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the basic financial statements.

Cash and cash equivalents that are held separately within the departments of the County and not included in the County Treasury are recorded as "cash and cash equivalents in segregated accounts".

Interest revenue is distributed by the County to the General Fund, Motor Vehicle and Gas Tax Fund, Other Governmental Funds, and the Bidwell/Porter Sewer Fund. Interest revenue credited to these funds during 2009 amounted to \$304,810, \$25,197, \$5,411, and \$9,348, respectively. Interest revenue received by the Board of Development Disabilities Fund of \$7,717 relate to the supportive living program monies for which the Southern Ohio Council of Governments acts as fiscal agent (See Note 18).

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

For presentation on the financial statements, funds included within the Treasurer's cash management pool and investments with original maturities of three months or less are considered to be cash and cash equivalents.

G. Inventory

On the government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. The consumption method is required for government wide financial statements.

On the fund financial statements, inventories of governmental funds are stated at cost. Cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure (purchase method) in the governmental funds.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2009, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

I. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the 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 utilized by the enterprise funds are reported both in the business-type activities column of the government-wide statement of net assets and in the funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The County maintains a capitalization threshold of five thousand dollars, with the exception of infrastructure. The County maintains their capitalization threshold for infrastructure as follows: \$50,000 for roads, bridges and culverts and \$25,000 for all traffic signals, street lighting, signage, guardrails, retaining walls and related items. 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 not capitalized. Interest incurred during the construction of enterprise fund capital assets is also capitalized.

All capital assets are depreciated except for land and construction in progress. 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 replacement. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings and Improvements	20-40 years	20-40 years
Land Improvements	20 years	20 years
Machinery and equipment	5-15 years	10-15 years
Furniture and fixtures	5-20 years	5-20 years
Vehicles	8 years	8 years
Infrastructure	4-115 years	n/a

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

J. Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans and amounts due to or from other funds for services provided and used are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are presented as "internal balances".

K. Compensated Absences

The County reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences" as interpreted by Interpretation No. 6 of the GASB, "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements".

Vacation and compensatory time 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 employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those employees for whom it is probable will become eligible to receive payment in the future. The County has determined that employees with the County for five to ten years, depending on each department, are probable to receive payment in the future. The liability is based on accumulated sick leave and employees' wage rates at year end.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid as 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 fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. For proprietary funds, the entire amount of compensated absences is reported as a fund liability.

L. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported on the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary 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. Bonds, capital leases and long-term loans are recognized as a liability in the governmental fund financial statements when due.

M. Fund Balance Reserves

The County reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available, spendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates the portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances, loans, inventory and unclaimed monies.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

N. 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 balances of any borrowing 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 creditors, grantors, or laws or regulations of other governments. The County's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. Net assets restricted for other purposes include resources restricted for Federal and State grants restricted to expenditure for specified purposes.

Of the County's \$6,148,442 of restricted net assets, none are restricted by enabling legislation.

O. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the County, these revenues are charges for services for sewer services and charges to other funds to support the insurance program accounted for in the Internal Service Fund. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund. Revenues and expenses not meeting these definitions are reported as nonoperating.

P. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. Interfund transfers within governmental activities and within business-type activities have been eliminated in the government-wide statement of activities.

Q. Estimates

The preparation of the 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

While the County is reporting financial position, results of operations and changes in fund balance 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 (non-GAAP basis) is presented for the General Fund and major special revenue funds on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and modified accrual 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.

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

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING *(Continued)*

4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund and major special revenue funds:

Net Change in Fund Balances					
	General	Motor Vehicle and Gas Tax	Job and Family Services	Board of Developmental Disabilities	Community Development Block Grant
GAAP Basis	\$ (293,829)	\$ 302,771	\$ (124,184)	\$ 62,871	\$ (11,929)
Net Adjustments for:					
Revenue accruals	33,497	(392,831)	(139,799)	(37,375)	-
Expenditure accruals	(129,555)	709,894	19,791	16,566	7,924
Adjustment for encumbrances	(99,478)	(319,302)	-	(2,266)	-
Budget basis	\$ (489,365)	\$ 300,532	\$ (244,192)	\$ 39,796	\$ (4,005)

NOTE 4 - CASH, DEPOSITS AND INVESTMENTS

A. Primary Government

The investment and deposits of County monies are governed by the Ohio Revised Code. State statutes classify monies held by the County into two categories. Active monies are public monies determined to be necessary to meet current demand upon the County treasury. Active monies must be maintained either as cash in the County treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the County has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts, including, but not limited to, passbook accounts.

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

1. United States treasury notes, bills, bonds, or other obligations of or securities issued by the United States treasury or any other obligation guaranteed as to the payment of principal and interest by the United States;
2. Bonds, notes, debentures, or other obligations of or securities issued by any federal government agency or instrumentality, including, but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

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

NOTE 4 - CASH, DEPOSITS AND INVESTMENTS *(Continued)*

4. Bonds and other obligations of the State of Ohio, or the political subdivisions of Ohio, provided that such political subdivisions are located wholly or partly within the same county as the investing authority;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2), or cash, or both securities and cash, equal value for equal value;
9. High grade commercial paper in an amount not to exceed 5 percent of the County's total average portfolio;
10. Certain bankers' acceptances for a period not to exceed one hundred and eighty days and commercial paper notes for a period not to exceed two hundred and seventy days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time;
11. Under limited circumstances, corporate debt interests rated in any of the three highest rating classifications by at least two nationally recognized rating agencies;
12. Notes issued by corporations incorporated and operating within the United States, or by depository institutions doing business under any state or United States authority and operating within the United States. Such investments shall not exceed fifteen percent of the County's total average portfolio and meet other requirements; and
13. A current unpaid or delinquent tax line of credit authorized under division (G) of section 135.341 of the Revised Code provided that all of the conditions for entering into such a line of credit under that division are satisfied.

An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the County, and must be purchased with the expectation that it will be held to maturity.

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

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

NOTE 4 - CASH, DEPOSITS AND INVESTMENTS (Continued)

Undeposited Cash

At year-end, the County had \$82,056 undeposited cash on hand which is included as part of “equity in pooled cash and cash equivalents.”

Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the County’s deposits may not be returned. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the federal deposit insurance corporation (FDIC) or by any other agency or instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. The County’s policy is to deposit money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

As of December 31, 2009, the County’s bank balance of \$9,604,094 is either covered by FDIC or collateralized by the financial institutions’ public entity deposit pools in the manner as described above.

B. Component Units

Deposits and Investments

Cash and cash equivalents held by Gallco Industries, Inc. is classified as “cash and cash equivalents in segregated accounts” whereas the Gallia-Meigs Regional Airport Authority’s balance is classified as “equity in pooled cash and cash equivalents”. The County is the fiscal agent for the Airport Authority and reports their portion of cash within an agency fund.

Gallco Industries, Inc. At December 31, 2009, the carrying amount of Gallco Industries, Inc. deposits was \$136,711. There are no statutory guidelines regarding the deposit and investment of funds by the non-profit corporation.

Gallia-Meigs Regional Airport Authority At year end, the amount of the Gallia-Meigs Regional Airport Authority equity in the County’s internal investment pool was \$34,974.

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Due to General Fund from:	
Job and Family Services	\$ 51,220
Board of Developmental Disabilities	37,500
Nonmajor governmental funds	24,399
KA Sewer	51,240
Nonmajor enterprise funds	11,875
Total due to General Fund from other funds	\$ 176,234
Due to Job and Family Services Fund from:	
Nonmajor governmental funds	\$ 55,059
Due to nonmajor governmental funds from:	
Job and Family Services	10,000
Nonmajor governmental funds	\$ 4,279
Total due to nonmajor governmental funds from other funds	\$ 14,279

All balances resulted from the time lag between the dates that (1) reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

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

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)

A summary of interfund transfers for 2009 were as follows:

	Transfers from:				Total
	General	Motor Vehicle and Gas Tax	Board of Mental Retardation	Nonmajor governmental funds	
<u>Transfers to:</u>					
Job and Family Services	\$ 211,372	\$ -	\$ -	\$ -	\$ 211,372
Nonmajor governmental funds	739,099	56,900	91,212	49,041	936,252
Total Transfers	<u>\$ 950,471</u>	<u>\$ 56,900</u>	<u>\$ 91,212</u>	<u>\$ 49,041</u>	<u>\$1,147,624</u>

During 2009, the County made seven transfers totaling \$555,911 from the General Fund to the Emergency Medical Services Fund to subsidize the program services. The General Fund also transferred \$76,586, \$211,372, \$65,423, \$2,255, \$37,000, \$1,397, and \$527 to Dog & Kennel, Job & Family Services, Child Support Enforcement, Sheriff Liaison, Emergency Management Agency, Sheriff's Overtime Grant, and the SHSP Grant Fund, respectively. The Emergency Medical Services Fund and the Board of Developmental Disabilities Fund transferred \$39,435 and \$91,212, respectively for debt service payments.

NOTE 6 - RECEIVABLES

Receivables at December 31, 2009 consisted of property taxes, sales taxes, accounts (billings for user charged services), accrued interest, loans, interfund, and intergovernmental grants. All receivables are considered fully collectible. A summary of the principal items of intergovernmental receivable follows:

Governmental Activities	
<u>General Fund:</u>	
Local government distributions	\$ 222,898
Grants	62,067
Homestead and Rollback	103,878
Total General Fund	<u>388,843</u>
<u>Major Special Revenue Funds:</u>	
Motor Vehicle and Gas Tax	1,941,217
Job and Family Services	96,089
Board of Developmental Disabilities	530,092
Community Development Block Grant	764,349
Total Major Special Revenue Funds	<u>3,331,747</u>
<u>Nonmajor Special Revenue Funds:</u>	
USDA Rural Business Enterprise Grant	99,000
Prosecutor Victim's Assistance Grant	42,537
Community Developmental Disabilities	69,556
Ohio Youth Commission	104,048
Sheriff's High Visibility Enforcement Overtime Grant	1,764
Child Support Enforcement Agency	59,069
Children Services	259,830
Emergency Management Performance Grant	21,891
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program	
Community Liason Officer	2,842
Domestic Violence Enforcement	13,944
911 Grant	7,500
Total Nonmajor Special Revenue Funds	<u>681,981</u>
Total intergovernmental receivable	<u>\$ 4,402,571</u>

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

NOTE 6 – RECEIVABLES (Continued)

Fiduciary Funds	
Agency Funds	\$ 1,812,856
Business-Type Activities	
Major Enterprise Fund:	
KA Sewer	2,271,031
Other Enterprise Fund:	
Green Sewer	500,000
Total Enterprise Funds	\$ 2,771,031

NOTE 7 - CAPITAL ASSETS

A summary of changes in general capital assets during 2009 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Nondepreciable capital assets:				
Land	\$ 488,565	\$ -	\$ -	\$ 488,565
Total nondepreciable capital assets	488,565	-	-	488,565
Depreciable capital assets:				
Land improvements	233,540	-	-	233,540
Buildings and improvements	11,075,495	301,948	-	11,377,443
Furniture, fixtures and equipment	6,041,053	247,094	(13,301)	6,274,846
Vehicles	2,932,571	127,280	-	3,059,851
Infrastructure	19,134,184	1,209,720	-	20,343,904
Total depreciable capital assets	39,416,843	1,886,042	(13,301)	41,289,584
Accumulated Depreciation:				
Land improvements	(216,195)	(2,187)	-	(218,382)
Buildings and improvements	(4,573,601)	(245,410)	-	(4,819,011)
Furniture, fixtures and equipment	(3,459,773)	(378,328)	13,301	(3,824,800)
Vehicles	(1,610,034)	(359,074)	-	(1,969,108)
Infrastructure	(7,068,473)	(770,450)	-	(7,838,923)
Total accumulated depreciation	(16,928,076)	(1,755,449)	13,301	(18,670,224)
Depreciable capital assets, net	22,488,767	130,593	-	22,619,360
Governmental activities capital assets, net	\$ 22,977,332	\$ 130,593	\$ -	\$ 23,107,925

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

NOTE 7 - CAPITAL ASSETS (Continued)

For governmental activities, depreciation expense was charged to functions as follows:

Governmental Activities	
General government	
Legislative and executive	\$ 202,559
Judicial	8,734
Public safety	112,715
Public works	1,100,714
Health	26,191
Human services	291,023
Conservation and recreation	13,513
Total governmental activities depreciation expense	<u><u>\$ 1,755,449</u></u>

A summary of changes in business-type capital assets during 2009 were as follows:

	Beginning Balance*	Increases	Decreases	Ending Balance
Business-type activities:				
Construction in Progress	\$ 476,830	\$ 690,111	\$ -	\$ 1,166,941
Non-Depreciable Capital Assets	476,830	690,111	-	1,166,941
Depreciable capital assets:				
Building and improvements	6,109,467		-	6,109,467
Furniture, fixtures and equipment	87,250	-	-	87,250
Total depreciable capital assets:	6,196,717	-	-	6,196,717
Accumulated depreciation:				
Building and improvements	(1,822,908)	(150,593)	-	(1,973,501)
Furniture, fixtures and equipment	(83,145)	(4,105)	-	(87,250)
Total accumulated depreciation	(1,906,053)	(154,698)	-	(2,060,751)
Depreciable capital assets, net	4,290,664	(154,698)	-	4,135,966
Business-type activities capital assets, net	<u><u>\$ 4,767,494</u></u>	<u><u>\$ 535,413</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,302,907</u></u>

* Amount Restated – See Note 25

The business-type activities of the County are the sewer operations at various subdivisions throughout the County.

The Kanauga Addison Sewer System has an estimated completion date of May 2011. When completed, it will replace the Tara Wastewater Treatment Plant and Lift Station which has a cost of \$225,161 and a December 31, 2009 book value of \$61,498.

The Green Sewer System will replace the Meadowlook Wastewater Treatment Plant and Rodney II Sewer System which have a cost of \$372,840 and a December 31, 2009 book value of \$139,162. The Green Sewer System is in the planning stages and will not be completed for several years if funding is obtained.

The increase to construction in progress for business-type activities includes capitalized interest of \$17,250.

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

NOTE 8 - CAPITALIZED LEASES - LESSEE DISCLOSURE

The County has entered into agreements to lease equipment and other assets. Such agreements are, in substance, lease purchases and are reflected as capital lease obligations in the basic financial statements. Capital lease payments are reflected as debt service in the basic financial statements for the governmental funds. New capital leases are, in substance, capital purchases and are reflected as current expenditures and “inception of capital lease” in the fund financial statements. The capital lease obligations reflected below as part of the long-term obligations represent the present value of the net future minimum lease payments on all capital leases. The equipment acquired has been capitalized in the governmental activities in the amount of \$17,544.

The following is a schedule of the future minimum lease payments under lease obligations which have been capitalized as of December 31, 2009.

<u>Year Ended</u>	<u>Capital Lease Obligations</u>
2010	\$ 4,836
2011	2,020
Total minimum lease payments	<u>6,856</u>
Less: amount representing interest	<u>(333)</u>
Present value of minimum lease payments	<u>\$ 6,523</u>

NOTE 9 - LONG-TERM OBLIGATIONS

The County’s governmental long-term obligations activity for the year ended December 31, 2009, was as follows:

<u>Purpose</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
General obligation bonds and loans payable					
Solid waste recycling bond 1998-2012, 4.95%	\$ 115,000	\$ -	\$ (25,000)	\$ 90,000	\$ 30,000
EMS ambulances loan 2007-2011, 4.19%	84,697	-	(27,066)	57,631	28,216
Early childhood building construction bond 2006-2036, 4.45%	1,444,026	-	(26,954)	1,417,072	28,153
EMS Ford 350 loan 2008-2012, 3.95%	31,831	-	(7,496)	24,335	7,796
Engineer - Gradall XL4100 loan 2008-2012, 3.65%	208,003	-	(49,203)	158,800	51,024
Electronic Document System loan 2007-2010, 4.99%	214,870	-	(141,429)	73,441	73,441
EMS Station loan 2009-2033, 3.99%	-	150,000	(4,253)	145,747	3,710
Subtotal general obligation bonds and loans	<u>2,098,427</u>	<u>150,000</u>	<u>(281,401)</u>	<u>1,967,026</u>	<u>222,340</u>
Compensated absences	1,512,950	931,214	(840,405)	1,603,759	833,880
Capital leases	<u>10,816</u>	<u>-</u>	<u>(4,293)</u>	<u>6,523</u>	<u>4,658</u>
Total governmental activities long-term obligations	<u>\$ 3,622,193</u>	<u>\$ 1,081,214</u>	<u>\$ (1,126,099)</u>	<u>\$ 3,577,308</u>	<u>\$ 1,060,878</u>

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

NOTE 9 - LONG-TERM OBLIGATIONS *(Continued)*

The County's general obligation bond issue for \$337,500 was issued for the purpose of constructing a solid waste recycling center. The debt will be retired from recycling center receipts.

The County's loan for \$138,570 was issued for the purpose of purchasing a new ambulance for the emergency medical service. The debt will be retired from EMS revenues.

The County's loan for \$414,847 was issued for the purpose of purchasing an Electronic Document Management System. The debt will be retired by Job and Family Services revenues.

The County's general obligation bond issue for \$1,480,000 was issued for the purpose of constructing an early family and childhood center. The debt will be retired by property taxes levied by the County until the building is completed and rental income is received.

The County's loan for \$260,000 was issued for the purpose of purchasing a 2008 Gradall Model XL 4100 III 6x4 for the Gallia County Engineer's Office. The debt will be retired from Motor Vehicle and Gas Tax revenues.

The County's loan for \$40,000 was issued for the purpose of purchasing a 2008 Ford F-350 for the Gallia County EMS to be utilized as a rescue truck. The debt will be retired from EMS revenues.

During 2009, the County issued \$150,000 in bonds for the purpose of covering a portion of the costs associated with constructing a building for use as an EMS station. The debt will be retired from EMS revenues.

The County will pay compensated absences out of the fund from which the employees' salaries are paid, with the most significant funds being the General Fund, the Motor Vehicle and Gas Tax Fund, the Job and Family Services Fund, and the Board of Developmental Disabilities Fund. Capital lease obligations will be paid from the fund that maintains custody of the related assets.

Governmental Activities General Obligation Bonds and Loans

Year Ended	Principal	Interest	Total
2010	\$ 222,340	\$ 83,787	\$ 306,127
2011	153,701	76,423	230,124
2012	128,012	69,963	197,975
2013	36,259	64,560	100,819
2014	37,856	62,963	100,819
2015-2019	215,791	288,304	504,095
2020-2024	267,679	236,417	504,096
2025-2029	332,083	172,014	504,097
2030-2034	402,373	92,118	494,491
2035-2036	170,932	11,492	182,424
Total	\$ 1,967,026	\$ 1,158,041	\$ 3,125,067

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

NOTE 9 - LONG-TERM OBLIGATIONS *(Continued)*

The County's business-type long-term obligations activity for the year ended December 31, 2009, was as follows:

Purpose	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Long-term loans payable:					
OPWC loan payable					
2002-2022 0.00%	\$ 155,250	\$ -	\$ (11,500)	\$ 143,750	\$ 5,750
OWDA loan, 2006, 4.99%	339,082	60,375	(399,457)	-	-
OWDA loan 2008, 5.21%	51,074	112,488	(8,125)	155,437	-
OWDA loan 2009, 0.00%	-	199,099	(199,099)	-	-
OWDA loan 2009, 1.48%	-	396,401	-	396,401	-
General Obligation:					
Sewer improvement					
2001-2040, 4.50%	193,400	-	(2,800)	190,600	3,000
Sewer improvement					
2001-2040 4.50%	1,581,300	-	(23,000)	1,558,300	24,100
Compensated absences	12,388	58,259	(57,374)	13,273	7,681
Total business-type activities long-term obligations	<u>\$ 2,332,494</u>	<u>\$ 826,622</u>	<u>\$ (701,355)</u>	<u>\$ 2,457,761</u>	<u>\$ 40,531</u>

The Ohio Public Works Commission (OPWC) loan issued in the amount of \$230,000 is for utility construction projects. Property taxes and revenue of the utility facilities have been pledged to repay this debt.

The Sewer Improvement bonds issued in the amount of \$1,927,000 are for utility improvement projects. These bonds will be repaid from the Bidwell/Porter Sewer Fund with the revenue from sewer operations.

In February 2006, the County entered into an agreement with the Ohio Water Development Authority for a planning loan in the amount of \$400,000. During 2009, the additional amount of the loan consisted of \$60,375, representing disbursements and capitalized interest. During 2009, this planning loan was paid off through a debt service principal payment and rolling the remaining balance into the 2009 OWDA 1.48% loan.

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

NOTE 9 - LONG-TERM OBLIGATIONS *(Continued)*

The County has received approval for a \$325,000 OPWC loan relating to the Kanauga – Addison Sewer System Project at a rate of 0% interest for a term of 30 years. As of December 31, 2009, no proceeds have been received from the OPWC loan. Property taxes and revenue of the utility facilities have been pledged to repay this debt.

The County was required to secure interim financing relating to the construction of the Kanauga-Addison Sewer System for which the County received a \$1,862,000 USDA Rural Development loan relating to the construction. On August 27, 2009, the County secured interim financing for the USDA Rural Development loan with the Ohio Water Development Authority (OWDA) at an interest rate of 1.48% for a term of 40 years. The OWDA loan was used to pay off the 2006 OWDA planning loan related to the project. As of December 31, 2009, \$396,401 has been disbursed on the OWDA Loan. The County has pledged future Kanauga – Addison Sewer System customer revenues, net of specified operating expenses, to repay the \$1,862,000 OWDA Loan issued in August 2009. Proceeds from the loan provide financing for the construction of the Kanauga – Addison Sewer System. The loan is payable solely from sewer customer net revenues and are payable through 2052. Annual principal and interest payments on the bonds are expected to be less than net revenues. The date of the first repayment is March 2012 with equal annual payments.

In June 2006, the County entered into an agreement with OWDA for a Green Township Sanitary Sewer Study in the amount of \$50,000. On August 28, 2008 the County was approved for a \$325,000 Green Sewer Phase I Design loan which was used to pay off the Sanitary Sewer Study loan. The current contract term is for an interest rate of 5.21% with \$8,125 principal payment amounts semiannually for five years with a final payment date of July 1, 2014 with interest of \$75,141 and principal of \$251,875. The design loan will be rolled over into a long term construction loan for payment. During 2009, the Green Township Sewer Project OWDA loan had additional disbursements of \$112,488. The loan will be repaid from pledged revenues charged for services of the system.

During 2009, the County entered into a Water Pollution Control Loan Fund agreement through OWDA which included assistance from the American Reinvestment and Recovery Act (ARRA) in the amount of \$720,000 for additional financing on the Kanauga-Addison Sewer System. This loan has a 0% interest rate and a term of 20 years. \$360,000 of this loan is scheduled to be paid with grant funding from the American Reinvestment and Recovery Act. During 2009, \$199,099 was disbursed on this loan and repaid with the above mentioned grant funding. In accordance with Section 603(d)(1)(c) of the Clean Water Act, the County has established a dedicated source of revenue for repayment of the loan. The dedicated source of repayment for the loan is the sewer use charges in the Gallia County Commissioner's Resolution passed on May 14, 2009. Semi – annual payment amounts are \$9,000 with the date of first payment of January 1, 2012.

During 2009, the County entered into a Water Pollution Control Loan Fund agreement through OWDA which included assistance from the American Reinvestment and Recovery Act (ARRA). The total amount relating to the agreement is \$569,779 for construction of the Mercerville Sanitary Sewer Project. This loan has a 0% interest rate and a term of 20 years. \$119,779 of this loan is schedule to be paid with grant funding from the American Reinvestment and Recovery Act (ARRA). As of December 31, 2009 no amounts have been disbursed on this loan. In accordance with Section 603(d)(1)(c) of the Clean Water Act, the County has established a dedicated source of revenue for repayment of the loan. The dedicated source of repayment for the loan is the wastewater user fees in the Gallia County Commissioner's Resolution passed on August 27, 2009. Semi – annual payment amounts are \$2,994 with the date of first payment of January 1, 2011.

The amortization schedule below does not include the OWDA loans or OPWC loan relating to Kanauga – Addison Sewer due to the projects not being completed as of December 31, 2009.

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

NOTE 9 - LONG-TERM OBLIGATIONS *(Continued)*

The annual requirements to amortize long-term loan and bond obligations outstanding as of December 31, 2009 are as follows:

<u>Year Ended</u>	<u>Sewer Improvement</u>		<u>Total</u>	<u>OPWC Loan</u>
	<u>Principal</u>	<u>Interest</u>		<u>Principal</u>
2010	\$ 27,100	\$ 78,700	\$ 105,800	\$ 5,750
2011	28,100	77,481	105,581	11,500
2012	29,500	76,217	105,717	11,500
2013	30,900	74,889	105,789	11,500
2014	32,200	73,499	105,699	11,500
2015-2019	184,100	344,404	528,504	57,500
2020-2024	229,500	299,079	528,579	34,500
2025-2029	285,900	242,587	528,487	-
2030-2034	356,400	172,194	528,594	-
2035-2039	444,100	84,471	528,571	-
2040	101,100	4,550	105,650	-
Total	<u>\$ 1,748,900</u>	<u>\$ 1,528,071</u>	<u>\$ 3,276,971</u>	<u>\$ 143,750</u>

On September 19, 2002, the Board of County Commissioners approved a resolution for the guaranty of the Gallia County Community Improvement Corporation's Rural Industrial Park Loan in the original amount of \$700,000 from the Ohio Department of Development. At December 31, 2009, the balance of the loan was \$405,842. This balance is not reported as an obligation in the accompanying basic financial statements.

At December 31, 2009, the County's overall legal debt margin was \$12,764,198 with an unvoted debt margin of \$6,456,490.

NOTE 10 – CONDUIT DEBT OBLIGATIONS

Pursuant to State statute, various industrial revenue bonds have been issued by private industry within Gallia County. The proceeds of the industrial revenue bonds are used by the various private industries for new construction or improvements. The bonds are to be repaid by the recipients of the proceeds and do not represent an obligation of the County. As of December 31, 2009, there were \$40,622,824 in industrial revenue bonds issued of which \$15,525,880 remains outstanding.

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

NOTE 11 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the County. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revalued every six years. The last revaluation was completed during 2005. Real property taxes are payable annually or semiannually. The first payment is due April 18, with the remainder payable by July 25.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) was assessed for ad valorem taxation purposes at 6.25 percent of its true value for tax year 2008 for tax revenues received in 2009. This tax rate was reduced to zero for tax year 2009 for tax monies to be received in 2010. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property currently is assessed at 88 percent of its true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts within the County. The County Auditor periodically remits to itself its share of the taxes collected. The County records receipt of these taxes in various funds.

Accrued property taxes receivable represent delinquent taxes outstanding and real, tangible personal, and public utility taxes that were measurable and unpaid as of December 31, 2009. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31 and are not intended to finance 2009 operations. The receivable is therefore offset by a credit to deferred revenue.

The full tax rate for all County operations for the year ended December 31, 2009, was \$7.00 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2009 property tax receipts were based are as follows:

Category	Assessed Value
Real estate:	
Agriculture	\$ 94,269,750
Residential	244,567,450
Commercial	117,487,150
Industrial	5,149,100
Minerals	498,280
Total real estate	461,971,730
Personal property:	
General	1,185,480
Public utilities	182,491,760
Total personal property	183,677,240
Total assessed values	\$ 645,648,970

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

NOTE 12 - PERMISSIVE SALES TAX

In 1967, in accordance with Section 5739.02 of the Ohio Revised Code, counties were authorized to levy an excise tax of one half to one percent. The tax must be levied pursuant to a resolution of the County Commissioners and a copy of the resolution sent to the Tax Commissioner not later than 60 days prior to the effective date of the tax.

The Tax Commissioner shall, within forty-five days after the end of each month, certify to the Director of Budget and Management the amount of the proceeds of such tax or taxes paid to the Treasurer of State during that month to be returned to the County. The director then provides for payment to the County Treasurer on or before the twentieth day of the month in which the certification is made.

On November 17, 1981, the County Commissioners adopted by resolution a one half percent permissive sales tax as allowed by Sections 5739.026 and 5741.023, Revised Code. On December 29, 1994, the County Commissioners, by recommendation of the State of Ohio Tax Commissioner, repealed one quarter of one percent of the one half of one percent permissive sales tax under Revised Code Sections 5739.026 and 5741.023 and replaced it with a one quarter of one percent under Revised Code Section 5739.021. On March 5, 1987, the County Commissioners adopted by resolution a proposal for an additional one half percent permissive sales tax as allowed by Sections 5705.026 and 5705.023, Revised Code, which was voted upon at a special election held on May 5, 1987, at which time the proposal passed. On August 18, 1994, the County Commissioners adopted by resolution a proposal for an additional one quarter of one percent sales and use tax, for the implementation of 9-1-1 for Gallia County, as allowed by Sections 5739.026 and 5741.023 of the Revised Code, which was voted upon on November 8, 1994, at which time the proposal passed. This item is approved for periods of five years. The most recent renewal was approved on November 16, 2009. In 2009, the General Fund received \$3,220,572 and the 9-1-1 Special Revenue Fund received \$805,075 in sales and use tax revenue. Sales and use tax revenue is recognized when it is measurable and available.

NOTE 13 - ACCOUNTABILITY AND COMPLIANCE

A. Accountability

The following funds had deficit fund balances as of December 31, 2009:

Job and Family Services	\$ 356,777
CDBG	9,632
Nonmajor special revenue funds:	
Dog and Kennel	1,992
Child Support Enforcement	64,535
Title IV-D Contracts	14,434
Title IV-D Prosecutor	28,776
Sheriff's Overtime Grant	188
Sheriff's Overtime Grant FY 10	2,890
Community Liason Grant	1,763
FY07 State Homeland Security Program(SHSP) Grant	103

The deficits in these funds are the result of the application of accounting principles generally accepted in the United States of America and the requirement to accrue liabilities when incurred. The General Fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. These deficits do not exist on the cash basis.

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

NOTE 13 - ACCOUNTABILITY AND COMPLIANCE *(Continued)*

B. Compliance

Contrary to ORC 5705.41(B), the General Fund had expenditures plus encumbrances in excess of appropriations in the following expenditure line items:

Legislative and Executive	\$27,902
Judicial	9,575
Public Safety	37,630
Public Works	1,745
Health	16,331
Human Services	33,982
Other	1,088

The Motor Vehicle and Gas Tax Fund had expenditures plus encumbrances in excess of appropriations in the capital outlay expenditure line in the amount of \$3,051.

Contrary to ORC 5705.39, the Community Development Fund had appropriations in excess of revenues plus carry over balances for the original budget in the amount of \$260,209.

NOTE 14 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts, theft or damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During 2009, the County contracted with County Risk Sharing Authority (CORSA), a jointly governed organization, for liability, property, and crime insurance. The CORSA program has a \$2,500 deductible.

Coverage provided by the program is as follows:

Property:

Buildings and contents	\$ 58,302,373
Blanket coverage (\$100,000,000 annual aggregate pool limit for flood and earthquake)	

Liability:

General liability	\$ 1,000,000
Errors and omissions	1,000,000
Law enforcement	1,000,000
Excess liability	5,000,000
Automobile	1,000,000
Uninsured/underinsured motorist	250,000

Settlement amounts on claims have not exceeded insurance coverage in any of the past three years. There have been no significant reductions in insurance coverage from the prior year.

Workers' compensation benefits are provided through the State Bureau of Workers' Compensation. The County pays all elected officials' bonds by statute. Vision coverage is provided by Vision Service Plan.

The County also provides medical, prescription drug, dental, and life insurance coverage for those employees who choose to participate through a plan with Medical Mutual.

The Plan is a high deductible plan which is self funded to a lower deductible amount to the employees. The premiums are paid by the employees and from each of the respective funds from which the employee is paid.

NOTE 15 - DEFINED BENEFIT RETIREMENT PLANS

A. Ohio Public Employees Retirement System

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

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

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the years ended December 31, 2009, 2008, and 2007, members in state and local classifications contributed 10%, 10%, and 9.5%, respectively, of covered payroll. Public safety and law enforcement members contributed 10.1%.

The County's contribution rate for the years ended 2009, 2008, and 2007 was 14%, 14%, and 13.85% of covered payroll, respectively. For both law enforcement and public safety divisions, the employer contribution rate for 2009 was 17.63%.

The County's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2009, 2008, and 2007 were \$1,567,883, \$1,595,181, and \$1,524,431, respectively; 93 percent has been contributed for 2009 and 100 percent for 2008 and 2007. \$116,584, representing the unpaid contribution for 2009, is recorded as a liability within the respective funds.

B. State Teachers Retirement System

Plan Description - Certified teachers employed by the county for the Developmentally Disabled participate in the State Teachers Retirement System of Ohio (STRS Ohio), a cost sharing, multiple employer public employee retirement system. STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof. 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 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio web site at www.strsoh.org.

New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5 percent of earned compensation among various investment choices. The Combined Plan offers features of the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

NOTE 15 - DEFINED BENEFIT RETIREMENT PLANS *(Continued)*

DB Plan Benefits – Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the “formula benefit” or the “money-purchase benefit” calculation. Under the “formula benefit,” the retirement allowance is based on years of credited service and final average salary, which is the average of the member’s three highest salary years. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5% instead of 2.2%. Under the “money-purchase benefit” calculation, a member’s lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

DC Plan Benefits – Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump-sum withdrawal. Employer contributions into members’ accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member’s designated beneficiary is entitled to receive the member’s account balance.

Combined Plan Benefits – Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member’s defined benefit is determined by multiplying 1% of the member’s final average salary by the member’s years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. A reemployed retiree may alternatively receive a refund of only member contributions with interest before age 65, once employment is terminated.

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

The DB and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians’ fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

A DB or Combined Plan member with five or more years’ credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the DB Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members’ beneficiaries.

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers.

NOTE 15 - DEFINED BENEFIT RETIREMENT PLANS *(Continued)*

Funding Policy - For the fiscal year ended December 31, 2009, 2008, and 2007 plan members were required to contribute 10 percent of their annual covered salaries. The County was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The County's required contributions for pension obligations to the DB plan for the fiscal years ended December 31, 2009, 2008, and 2007 were \$ 86,365, \$96,595, and \$105,151; 96 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007. Of the 2009 amount, \$3,357 representing the unpaid contribution for 2009 is recorded as a liability within the respective funds.

NOTE 16 - POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

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

To qualify for post-employment health care coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. The Ohio Revised Code permits, but does not require, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

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

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

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2009, local government employers contributed 14 percent of covered payroll (17.63 percent for public safety and law enforcement). The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 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 administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. For 2009, the portion of employer contributions allocated to health care was 7.0% from January 1 through March 31, 2009 and 5.5% from April 1 through December 31, 2009. For 2008, the employer contribution allocated to the health care plan was 7.0% of covered payroll. For 2007, these percentages were 5.0% for January through June 2007 and 6.0% for July through December 2007. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The County's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2009, 2008, and 2007 were \$660,011, \$719,667, and \$605,352, respectively. These amounts represented 93%, 100%, and 100% of required contributions for 2009, 2008, and 2007, respectively.

NOTE 16 - POSTEMPLOYMENT BENEFITS (Continued)

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective on 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. Law enforcement and public safety employer rates increased over a six year period beginning on January 1, 2006 with a final rate increase on January 1, 2011.

B. State Teachers Retirement System of Ohio

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, 2008 and 2007, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The County’s contributions for health care for the fiscal years ended December 31, 2009, 2008, and 2007, were \$6,163, \$6,899, and \$7,511, respectively. These amounts represented 96%, 100%, and 100% of required contributions for 2009, 2008, and 2007, respectively.

NOTE 17 - ADDITIONAL DISCLOSURES FOR DISCRETELY PRESENTED COMPONENT UNITS

A. Measurement Focus and Basis of Accounting

Gallco Industries, Inc. uses fund accounting to report on their operations and uses the full accrual basis of accounting as set forth in SFAS No. 117 for non-profit corporations. Gallia-Meigs Regional Airport uses fund accounting to report on their operations and uses the cash basis of accounting that is then converted to accrual accounting at year end.

B. Budgetary Basis of Accounting

Budgetary information for the discretely presented component units is not presented because they are not included in the entity for which the "appropriated budget" is adopted and do not maintain separate budgetary financial records. The fund in which the Gallia-Meigs Regional Airport is maintained is included in the County’s appropriation resolutions and certificates of estimated resources.

C. Capital Assets

Property and equipment for the component units are stated at historical cost and are updated for the costs of additions and retirements during the year. Donated capital assets have been recorded at the fair market value at the date of the gift.

The assets for Gallco Industries, Inc. are depreciated on a straight line basis using the following estimated useful lives:

<u>Category</u>	<u>Estimated Life</u>
Furniture, fixtures and equipment	5-10 years

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

NOTE 17 - ADDITIONAL DISCLOSURES FOR DISCRETELY PRESENTED COMPONENT UNITS
(Continued)

A summary of changes in capital assets during 2009 for Gallco Industries, Inc. were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Depreciable capital assets:				
Furniture, fixtures and equipment	\$ 252,592	\$ -	\$ -	\$ 252,592
Accumulated depreciation:				
Furniture, fixtures and equipment	(78,966)	(20,907)	-	(99,873)
Capital assets, net	<u>\$ 173,626</u>	<u>\$ (20,907)</u>	<u>\$ -</u>	<u>\$ 152,719</u>

The assets for Gallia-Meigs Regional Airport are depreciated on a straight line basis using the following estimated useful lives:

<u>Category</u>	<u>Estimated Life</u>
Buildings and improvements	40 years
Furniture, fixtures and equipment	10-20 years

A summary of changes in capital assets during 2009 for Gallia-Meigs Regional Airport were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Depreciable capital assets:				
Buildings and improvements	\$ 1,527,768	\$ 8,674	\$ -	\$ 1,536,442
Furniture, fixtures and equipment	14,234	-	-	14,234
Total depreciable capital assets	<u>1,542,002</u>	<u>8,674</u>	<u>-</u>	<u>1,550,676</u>
Accumulated depreciation:				
Buildings and improvements	(382,458)	(39,623)	-	(422,081)
Furniture, fixtures and equipment	(3,012)	(1,666)	-	(4,678)
Total accumulated depreciation	<u>(385,470)</u>	<u>(41,289)</u>	<u>-</u>	<u>(426,759)</u>
Depreciable Capital Assets, Net	<u>1,156,532</u>	<u>(32,615)</u>	<u>-</u>	<u>1,123,917</u>
Capital assets, net	<u>\$ 1,156,532</u>	<u>\$ (32,615)</u>	<u>\$ -</u>	<u>\$ 1,123,917</u>

NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS

A. Joint Solid Waste Management District

The County is a member of a multi-county Joint Solid Waste Management District (District), which is a jointly governed organization involving Gallia, Jackson, Vinton and Meigs Counties. The purpose of the District is to plan and implement comprehensive and environmentally sound solid waste management facilities and provide for the establishment of waste minimization, waste reduction, and recycling programs. The District was created in 1989, as required by the Ohio Revised Code.

The Gallia, Jackson, Vinton and Meigs Solid Waste District is governed and operated through three groups. A twelve member board of directors, comprised of three commissioners from each county, is responsible for the District's financial matters. Financial records are maintained by the District. The District's sole revenue source is a waste disposal fee for in-district and out-of-district waste. A twenty-five member policy committee comprised of six members from each county and one at-large member appointed by the policy committee, is responsible for preparing the solid waste management plan of the District in conjunction with a Technical Advisory Council whose members are appointed by the policy committee. Each participating county's influence is limited to the number of members each appoints to the board. Continued existence of the District is not dependent on the County's continued participation, no equity interest exists, and no debt is outstanding.

B. Gallia-Jackson-Meigs Counties Board of Alcohol, Drug Addiction and Mental Health Services (ADAMH)

The ADAMH Board (Board) is a jointly governed organization. Participants are Gallia, Jackson, and Meigs Counties. The Board provides no direct services but contracts for their delivery. The Board's function is to assess needs, and to plan, monitor, fund and evaluate the services. The Board is managed by eighteen members, five appointed by commissioners of Jackson County, two by commissioners of Gallia County, and three by commissioners of Meigs County which are proportionate to population, four by the Ohio Department of Alcohol and Drug Addiction Services and four by the Ohio Department of Mental Health. Each participating county's influence is limited to the number of members each appoints to the Board. The Board exercises total control of the budgeting, appropriation, contracting and management.

All of the Board's revenue is from state and federal grants awarded to the multi-county board. Since Gallia County serves as the fiscal agent for the Board, the financial activity is presented as an agency fund. Continued existence of the Board is not dependent of the County's continued participation, no debt exists, and the County does not have an equity interest in the Board. During 2009, the County made no contributions to the Board.

C. Gallia-Jackson-Meigs Counties Cluster

Gallia, Jackson and Meigs Counties Cluster provides services to multi-need youth in Gallia, Jackson and Meigs Counties. Members of the Cluster include Gallia, Jackson and Meigs Counties Board of Alcohol Drug Addiction and Mental Health Services, Gallia County Children Services, Gallia County Juvenile Court, Gallipolis City Schools, Gallia County Schools, the regional office of the Department of Youth Services, Gallia County Board of Developmental Disabilities, TASC (Treatment Alternative to Street Crime) of Southeast Ohio, Health Recovery Services-Bassett House, Bureau of Vocational Rehabilitation and the Family Addiction Community Treatment Services. The operation of the Cluster is controlled by an advisory committee which consists of at least one representative from each agency. State grants are received in the name of the Cluster. The continued existence of the Cluster is not dependent on the County's continued participation and no equity interest exists. The Cluster has no outstanding debt.

NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS *(Continued)*

D. Area Agency on Aging District 7, Inc.

The Area Office on Aging is a regional council of governments that assists ten counties, including Gallia County, in providing services to senior citizens in the Council's service area. The Council is governed by a fifteen member board of directors. The Gallia County Commissioners along with other county organizations can nominate new board members, but they must be representatives of local community service organizations. At least one-half of the board must be over the age of fifty-five. The board has total control over budgeting, personnel and all other financial matters. The continued existence of the Council is not dependent on the County's continued participation and no equity interest exists. The Council has no outstanding debt.

E. 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. Gallia County, along with Ross, Vinton, Highland, Brown, Adams, Pike, Jackson, Scioto and Lawrence Counties each appoint three members to the thirty member Council. The Council selects an administrator to oversee operations.

F. Southeastern Ohio Corrections Commission

The Southeastern Ohio Corrections Commission was formed for the purpose of planning to build a community jail through State funding. The Commission consists of Gallia, Jackson, and Meigs Counties. The State funding did not become available but the Commission has remained together in the case there would be any new grants to apply for in the future. The Commission consists of nine members which includes the President of the Commissioners, the Common Pleas Judge, and the Sheriff from each county. The Commission's fiscal agent will be the County Auditor of the County in which the jail is placed. The County made no contributions to the Commission in 2009, and the Commission is not dependent on the County's continued participation.

G. Gallia-Meigs Community Action Agency

The Gallia-Meigs Community Action Agency is a non-profit corporation organized to plan, conduct and coordinate programs designed to combat social and economic problems and to help eliminate conditions of poverty within Gallia and Meigs Counties. The agency is governed by an eighteen member board which consists of three commissioners from each county, three business owners from each county, and three low income individuals elected by each county. The three business owners are nominated by other local business owners and the three low income individuals are nominated by local town council meetings. The agency received federal and state monies which are applied for and received by, and in the name of, the Board of Directors. The Gallia County Commissioners apply for the Community Housing Improvement Program Grant and the HOME Grant which are administered and implemented by the Community Action Agency. The County is the fiscal agent of the grant, but the grants are used by the Community Action Agency to improve low income family housing in Gallia County. Community Action contracts for expenses that relate to the grants and then the County Commissioners issue the payments. The Board exercises total control of the budgeting, appropriation, contracting and management. Continued existence of the Community Action Agency is not dependent upon the County's continued participation, nor does the County have an equity interest in the agency. The agency is not accumulating significant financial resources and is not experiencing fiscal distress that may cause an additional financial benefit to or burden on the County.

NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS *(Continued)*

H. Gallia-Jackson Child Abuse and Neglect Advisory Board

The Child Abuse and Neglect Advisory Board is controlled by a five member board. The purpose of the Child Abuse and Neglect Advisory Board is to prevent child abuse and neglect. Each county's commissioners appoint two members and there is one at large member. The at large member currently is the Gallia-Jackson-Meigs Counties Board of Alcohol, Drug Addiction and Mental Health Services director. The organization receives \$20,000 a year through the State from birth registration fees of which \$19,400 is sent directly to the Ohio Children's Trust Fund Board. The Gallia-Jackson-Meigs Counties Board of Alcohol, Drug Addiction and Mental Health Services, a jointly governed organization, receives \$600 a year for administrative services. Continued existence of the Board is not dependent upon the County's continued participation, nor does the County have an equity interest in the Board. The Board is not accumulating significant financial resources and is not experiencing fiscal distress that may cause an additional financial benefit to or burden on the County. The Board currently does not prepare year end financial statements due to the limited amount of financial activity.

I. Ohio Valley Regional Development Commission

The Ohio Valley Regional Development Commission is a jointly governed organization that serves a twelve county economic development planning district in southern Ohio. The Commission was formed to influence favorably 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 Gallia County for its existence. In 2009, the County paid \$5,243 to the Ohio Valley Regional Development Commission for membership.

J. Southern Ohio Council of Governments

The County is a member of the Southern Ohio Council of Governments (the "Council"), which is a jointly governed organization created under Ohio Revised Code Section 167.01. The governing body consists of a thirteen member board with each participating County represented by its Director of its Board of Developmental Disabilities. Member counties include: Adams, Athens, Brown, Fayette, Gallia, Highland, Jackson, Lawrence, Pickaway, Pike, Ross, Scioto, and Vinton Counties. The Council acts as fiscal agent for the Gallia County Board of Developmental Disabilities' supportive living program monies. The activity and cash balances associated with these activities are reported within the Board of Developmental Disabilities Fund in the accompanying financial statements. Financial statements can be obtained by writing to the Southern Ohio Council of Governments, VA Medical Center, Building 8, 17273 State Route 104, Chillicothe, Ohio, 45601. In 2009, the County paid \$73,362 to the Southern Ohio Council of Governments for contract services.

NOTE 19 - RELATED ORGANIZATIONS

A. O.O. McIntyre Park District

The County Probate Judge is responsible for appointing the three-member board of the O. O. McIntyre Park District. Removal of the members requires due process. The County has no ability to impose its will on the organization nor is a burden/benefit relationship in existence. The Park District has a one-half mill property tax that is collected by Gallia County and then transferred into the Park District agency fund. In addition, the Park District receives 1 percent of the County's share of Undivided Local Government Revenue Assistance and State income taxes. These items totaled \$10,162 in 2009. The District is its own budgeting and taxing authority and has no outstanding debt. The County Auditor serves as the fiscal agent for the District; therefore, the financial activity is reflected in the Park District County agency fund.

NOTE 19 - RELATED ORGANIZATIONS *(Continued)*

B. Bossard Memorial Library

The Bossard Memorial Library is statutorily created as a separate and distinct political subdivision of the State. Four trustees of the Library are appointed by the County Commissioners, and three trustees are appointed by the judges of the Common Pleas Court. The Library has a .3 mill property tax that is collected by Gallia County into the Library agency fund. Although the County collects and distributes the tax, this function is strictly ministerial and the County provides no contributions of its own. The board of trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the County for operational subsidies. Due process is required to remove board members.

C. Gallia Metropolitan Housing Authority

The Gallia Metropolitan Housing Authority is a nonprofit organization established to provide adequate public housing for low income individuals and was created pursuant to State statutes. The Authority is operated by a five member board. Two members are appointed by the City of Gallipolis, one member is appointed by the probate court judge, one member is appointed by the common pleas court judge, and one member is appointed by the County Commissioners. The Authority receives funding from the Federal Department of Housing and Urban Development. The board sets its own budget and selects its own management, and the County is not involved in the management or operation. The County is not financially accountable for the Authority.

NOTE 20 - SHARED RISK POOLS

County Risk Sharing Authority (CORSA)

The County Risk Sharing Authority, Inc. (CORSA) is a jointly governed organization among thirty-nine counties in Ohio. CORSA was formed as an Ohio nonprofit corporation for the purpose of establishing the CORSA Insurance/Self Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverage provided by CORSA. This 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 budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the board of trustees. CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payment of the certificates. CORSA is not dependent upon Gallia County for its continued existence, nor does the County have an equity interest in CORSA. The County's payment for insurance to CORSA in 2009 was \$153,298.

County Commissioners Association of Ohio Workers' Compensation Group Rating Plan

The County is participating in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The County Commissioners Association Service Corporation (CCAOSC) was established through the County Commissioners Association of Ohio (CCAO) as a group purchasing pool.

A group executive committee is responsible for calculating annual rate contributions and rebates, approving the selection of a third party administrator, reviewing and approving proposed third party fees, fees for risk management services and general management fees, determining ongoing eligibility of each participant and performing any other acts and functions which may be delegated to it by the participating employers. The group executive committee consists of seven members. Two members are the president and treasurer of CCAOSC; the remaining five members are representatives of participants. These five members are elected for the following year by the participants at a meeting held in the month of December each year. No participant can have more than one member of the group executive committee in any year, and each elected member shall be a County Commissioner.

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

NOTE 21 - RELATED PARTY TRANSACTION

During 2009, Gallia County provided facilities, certain equipment, transportation and salaries for administration, implementation and supervision of its programs to Gallco Industries, Inc., a discretely presented component unit of Gallia County. Rehabilitative services provided directly to clients of Gallco Industries by the County amounted to \$88,358.

During 2009, the County appropriated and paid \$20,000 to the Gallia-Meigs Regional Airport, a discretely presented component unit of Gallia County which is classified as operating grants and contributions on the statement of activities.

NOTE 22 - GALLIA COUNTY LANDFILL

In 1978 Gallia County established the Gallia County Sanitary Landfill. The County contracted with Greg Fields to operate the landfill when it opened. In 1991 Mid-American Waste Systems, Inc. (Mid-American) purchased Greg Fields' business. At this time Gallia County operated the landfill on its own for a three month period until the County signed the lease agreement with Mid-American in June 1991. In 2001 the County signed the current lease agreement with USA Waste Services, Inc. (Waste Management). The lease agreement states that Waste Management is the operator of the landfill and that the County is to receive a portion of the landfill fees. The lease also states that Waste Management will comply with Ohio Environmental Protection Agency (EPA) closure and post closure requirements; therefore, Waste Management is responsible for these costs unless the County does not renew the lease agreement. The EPA department issued a Sub-Title D that states that landfill operators are to purchase a Financial Assurance Bond for the closure and post closure costs and Waste Management has met the requirement.

NOTE 23 - DECLINING MORTGAGE LOANS

Gallia County administers a loan program with funds provided by the U.S. Department of Housing and Urban Development, through the Ohio Department of Development, Office of Housing and Community Partnerships. The purpose of this program is to provide loans to low and moderate income families for home improvements. Loans are provided as declining mortgage loans with the intent that they do not have to repay 85% of the loan (85% of the loan released at the end of either a 5 or 10 year period), unless they would sell the residence before the 5 or 10 year period ended. The remaining 15% would remain as a mortgage to the property until such time as the owner either pays it off or sells the property. When the owner repays the remaining 15%, these monies are deposited into the County's Housing Program Income Fund and then used as a match to current Home Investment Partnerships Program Grants. As of December 31, 2009 the total amount of loans outstanding was \$140,944. Due to the nature of these loans, they do not constitute a receivable or pledge and the loans accordingly have not been reported in the accompanying basic financial statements.

NOTE 24 - CONTINGENT LIABILITIES

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Based on prior experience, the County Commissioners believe such disallowances, if any, will be immaterial. Several claims and lawsuits are pending against the County. In the opinion of the County Prosecuting Attorney, any potential liability would not have a material adverse effect on the basic financial statements.

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

NOTE 25 – RESTATEMENT OF NET ASSETS/FUND BALANCE

The cash and investments balances held on hand with the Southern Ohio Council of Governments on behalf of the County were not on the County's books in the prior year. The prior period adjustment increases the cash balances for 2008. Construction in progress for the Mercerville Sewer Project was not on the County's books in the prior year. These restatements had the following effect on beginning net assets/fund balance:

	Governmental Activities	Board of Developmental Disabilities Fund	Business-Type Activities	Other Enterprise Funds
Net Assets/Fund Balance, December 31, 2008	\$ 28,319,547	\$ 77,089	\$ 3,652,204	\$359,012
Restatement for unrecorded assets	-	-	44,174	44,174
Restatement for cash balance with COG	109,168	109,168	-	-
Restated Net Assets/Fund Balance, January 1, 2009	<u>\$ 28,428,715</u>	<u>\$ 186,257</u>	<u>\$ 3,696,378</u>	<u>\$403,186</u>

NOTE 26 – SUBSEQUENT EVENTS

On March 11, 2010, the County entered a lease agreement with Pitney Bowes for a mailing system, replacing the old lease. The lease will be paid in full in March of 2015.

On January 14, 2010, the County passed a resolution authorizing the issuance of \$250,258 of bonds for the purpose of paying part of the construction costs for a new county building. This debt carries an interest rate of 4.08% annually and is scheduled to be paid in full on December 1, 2024. Tax revenues derived by the county will be used to pay this debt.

On January 28, 2010, the County Commissioners awarded the Jackson Pike resurfacing bid to the Shelly Company at the sole bid amount of \$559,311.

On May 27, 2010, the County Commissioners approved a change order in the amount of \$129,615 for the Kanauga-Addison Sewer project.

On June 17, 2010, the Board of County Commissioners awarded the bid of \$290,691 for slip repairs to U.S. Bridge.

In June 2010, the Board of County Commissioners approved the County Engineer's purchase of two trucks for \$46,914 and two dump trucks for \$137,308. These were purchased through state purchasing.

On June 17, 2010, the Board of County Commissioners approved the bid for the Industrial Park Speculative Building excavation project to Grace Myers in the amount of \$56,300.

On July 22, 2010, the Board of County Commissioners awarded the Airport Hangar #1 Project to Blair Builders in an amount of \$197,500 and the Airport Hangar # 2 Project to Blair Builders in an amount of \$76,450.

On July 22, 2010, the Board of County Commissioners approved awarding the airport hangar financing to Ohio Valley Bank for a term of 25 years at 4.34% in the amount of \$275,000. On July 29, 2010, the Board of County Commissioners approved the resolution authorizing the issuance of \$275,000 of bonds for the purpose of paying part of the cost of constructing two new public airplane hangars for the Gallia-Meigs Regional Airport.

On September 9, 2010, the Board of County Commissioners awarded the contract for the Industrial Park Speculative Building to SJM Construction at \$488,357.

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

NOTE 27 – CONTRACT COMMITMENTS

The Gallia County Commissioners had the following contracts outstanding as of December 31, 2009:

Contractor	Contract Amount	Amount Paid at 12/31/09	Balance 12/31/09
Trimat Construction – KA Sewer	\$3,661,406	\$443,229	\$3,218,177
Stantec – Engineering – KA Sewer	621,753	323,780	297,973
Foill, Inc. – MV Sewer	395,000	0	395,000
Trimat Construction – MV Sewer	483,312	0	483,312
Stantec – Engineering – MV Sewer	108,500	60,298	48,202
Stantec – Green Sewer	245,000	126,554	118,446

NOTE 28 – NEW ACCOUNTING PRONOUNCEMENTS

For the year ended December 31, 2009, the County implemented GASB Statement No. 51, “Accounting and Financial Reporting for Intangible Assets” and GASB Statement No. 53, “Accounting and Financial Reporting for Derivative Instruments”. The implementation of these statements had no effect on the net assets/fund balances of the County.

GALLIA COUNTY

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

FEDERAL GRANTOR/ Pass Through Grantor Program Title	Pass Through Entity's Number	Federal CFDA Number	Disbursements
<u>UNITED STATES DEPARTMENT OF AGRICULTURE</u>			
<i>Passed through Ohio Department of Education:</i>			
Child Nutrition Cluster:			
School Breakfast Program	070615-05PU-2009	10.553	\$5,154
	070615-05PU-2010		2,326
Total School Breakfast Program			<u>7,480</u>
National School Lunch Program	070615-LLP4-2009	10.555	8,146
	070615-LLP4-2010		3,581
Total National School Lunch Program			<u>11,727</u>
Total Child Nutrition Cluster			19,207
<i>Passed through Ohio Department of Job and Family Services:</i>			
Supplemental Nutrition Assistance Program (Administrative Costs)	G-89-20-1063 / G-1011-11-5039	10.561	402,225
ARRA - Supplemental Nutrition Assistance Program (Administrative Costs)	G-89-20-1063 / G-1011-11-5039		<u>28,692</u>
Total Supplemental Nutrition Assistance Program			430,917
<i>Direct from Federal Government:</i>			
Water and Waste Disposal Systems for Rural Communities - grant	N/A	10.760	9,197
Water and Waste Disposal Systems for Rural Communities - loan			<u>66,046</u>
Total Water and Waste Disposal Systems for Rural Communities			<u>75,243</u>
Total U.S. Department of Agriculture			525,367
<u>UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
<i>Passed through Ohio Department of Development:</i>			
Community Development Block Grants/State's Program			
Community Housing Improvement Program	B-C-07-025-1	14.228	79,410
Community Development Program	B-F-08-025-1		149,971
Community Development Program	B-F-09-1AY-1		3,465
Community Housing Improvement Program	B-C-09-1AY-1		6,336
CDBG Revolving Loans	B-E-98-025-1		<u>27,385</u>
Total Community Development Block Grants/State's Program			266,567
Home Investment Partnerships Program			
Community Housing Improvement Program	B-C-07-025-2	14.239	225,045
Community Housing Improvement Program	B-C-09-1AY-2		1,664
Housing Program Income	N/A		<u>1,063</u>
Total Home Investment Partnership Program			<u>227,772</u>
Total U.S. Department of Housing and Urban Development			494,339
<u>UNITED STATES DEPARTMENT OF THE INTERIOR</u>			
<i>Direct from Federal Government:</i>			
Payments in Lieu of Taxes	N/A	15.226	<u>25,802</u>
Total U.S. Department of the Interior			25,802
<u>UNITED STATES DEPARTMENT OF JUSTICE</u>			
<i>Direct from Federal Government:</i>			
Bulletproof Vest Partnership Program	N/A	16.607	1,773
<i>Passed through the Ohio Department of Public Safety:</i>			
Edward Byrne Memorial Justice Assistance Cluster			
Edward Byrne Memorial Justice Assistance Grant Program	2008-JG-LLE-5214	16.738	12,563
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG)			
Program/Grants to States and Territories	2009-RA-A02-2275	16.803	<u>2,842</u>
Total Edward Byrne Memorial Justice Assistance Cluster			<u>15,405</u>
Total United States Department of Justice			17,178

GALLIA COUNTY

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

FEDERAL GRANTOR/ Pass Through Grantor Program Title	Pass Through Entity's Number	Federal CFDA Number	Disbursements
<u>UNITED STATES DEPARTMENT OF LABOR</u>			
<i>Passed Through Workforce Investment Act Area 7:</i>			
Employment Service / Wagner-Peyser Funded Activities	N/A	17.207	\$388
Workforce Investment Act (WIA) Cluster:			
WIA Adult Program		17.258	123,450
WIA Adult Program Administrative			9,688
Total WIA Adult Program			<u>133,138</u>
ARRA - WIA Adult Program		17.258	35,475
ARRA - WIA Adult Program Administrative			758
Total ARRA - WIA Adult Program			<u>36,233</u>
WIA Youth Activities		17.259	107,167
WIA Youth Activities Administrative			3,698
Total WIA Youth Activities			<u>110,865</u>
ARRA - WIA Youth Activities		17.259	133,916
ARRA - WIA Youth Activities Administrative			2,352
Total ARRA - WIA Youth Activities			<u>136,268</u>
WIA Dislocated Workers		17.260	124,100
WIA Dislocated Workers Administrative			1,870
Total WIA Dislocated Workers			<u>125,970</u>
ARRA - WIA Dislocated Workers		17.260	73,050
ARRA - WIA Dislocated Workers Administrative			1,590
Total ARRA - WIA Dislocated Workers			<u>74,640</u>
Total Workforce Investment Act (WIA) Cluster			<u>617,114</u>
Total United States Department of Labor			617,502
<u>UNITED STATES DEPARTMENT OF TRANSPORTATION</u>			
<i>Direct from the Federal Government:</i>			
Airport Improvement Program	3-39-0101-0708	20.106	33,601
<i>Passed Through Ohio Department of Transportation:</i>			
Highway Planning and Construction	PID76517	20.205	100,000
<i>Passed Through Ohio Department of Public Safety:</i>			
Highway Safety Cluster:			
State and Community Highway Safety	HVEO-2010-27-00-00-00306-00	20.600	882
Alcohol Impaired Driving countermeasures Incentive Grants	HVEO-2010-27-00-00-00306-00	20.601	882
Total Highway Safety Cluster			<u>1,764</u>
Total United States Department of Transportation			135,365
<u>UNITED STATES DEPARTMENT OF EDUCATION</u>			
<i>Passed through Ohio Department of Education:</i>			
Special Education Cluster:			
Special Education-Grants to States	070615-6BSF-2010	84.027	5,545
	070615-6BSF-2009		20,450
Total Special Education-Grants to States			<u>25,995</u>
Special Education-Preschool Grants	070615-PGS1-2010	84.173	2,258
	070615-PGS1-2009		8,740
Total Special Education-Preschool Grants			<u>10,998</u>
Total Special Education Cluster			36,993
State Grants for Innovative Programs	070615-C2S1-2009	84.298	105
Total United States Department of Education			37,098

GALLIA COUNTY

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

FEDERAL GRANTOR/ Pass Through Grantor Program Title	Pass Through Entity's Number	Federal CFDA Number	Disbursements
<u>UNITED STATES ELECTION ASSISTANCE COMMISSION</u>			
<i>Passed through Ohio Secretary of State:</i>			
Help America Vote Act Requirements Payments	HAVA Title II, 251	90.401	\$4,395
Total United States Election Assistance Commission			4,395
<u>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
<i>Passed Through Ohio Secretary of State:</i>			
Voting Access for Individuals with Disabilities Grants to States	06-SOS-HHHS-27	93.617	6,341
<i>Passed Through Ohio Department of Job and Family Services:</i>			
Promoting Safe and Stable Families	G-89-20-1064 / G-1011-11-5040	93.556	38,452
Temporary Assistance for Needy Families	G-89-20-1064 / G-1011-11-5040	93.558	2,002
Temporary Assistance for Needy Families	G-89-20-1063 / G-1011-11-5039	93.558	1,367,478
ARRA - Child Support Enforcement	G-89-20-1063 / G-1011-11-5039	93.563	96,532
Child Support Enforcement	G-89-20-1063 / G-1011-11-5039	93.563	364,534
Child Welfare Services - State Grants	G-89-20-1064 / G-1011-11-5040	93.645	44,961
ARRA - Foster Care Title IV-E	G-89-20-1064 / G-1011-11-5040	93.658	5,553
Foster Care Title IV-E	G-89-20-1064 / G-1011-11-5040	93.658	194,217
Adoption Assistance	G-89-20-1064 / G-1011-11-5040	93.659	125,256
Social Services Block Grant - Title XX	G-89-20-1063 / G-1011-11-5039	93.667	522,209
Child Care and Development Cluster:			
Child Care and Development Block Grant	G-89-20-1063 / G-1011-11-5039	93.575	169,380
Child Care Mandatory and Matching Funds	G-89-20-1063 / G-1011-11-5039	93.596	267,075
ARRA - Child Care and Development Block Grant	G-89-20-1063 / G-1011-11-5039	93.713	53,583
Total Child Care and Development Cluster			490,038
Medical Assistance Program	G-89-20-1064 / G-1011-11-5040	93.778	2,113
	G-89-20-1063 / G-1011-11-5039	93.778	508,675
Total Medical Assistance Program			510,788
Total Passed Through Ohio Department of Job and Family Services			3,762,020
<i>Passed Through Ohio Department of Development Disabilities:</i>			
Medical Assistance Program - Enhanced Federal Medical Assistance Percentage	N/A	93.667	23,328
Medical Assistance Program	N/A	93.778	24,335
Total Passed Through Ohio Department of Development Disabilities			47,663
Total United States Department of Health and Human Services			3,816,024
<u>UNITED STATES DEPARTMENT OF HOMELAND SECURITY</u>			
<i>Passed Through Ohio Emergency Management Agency:</i>			
Emergency Management Performance Grants	2008-EM-E8-0002	97.042	12,016
	2009-EP-E9-0061		21,891
Total Emergency Management Performance Grants			33,907
Homeland Security Grant Program	See Note I	97.067	13,225
Total United States Department of Homeland Security			47,132
TOTAL FEDERAL AWARDS EXPENDITURES			<u>\$5,720,202</u>

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

GALLIA COUNTY

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

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – MATCHING REQUIREMENTS

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

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

The County has a revolving loan fund (RLF) program to provide low-interest loans to businesses to create jobs for low to moderate income persons and also to lend money to eligible persons to rehabilitate homes. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the County, passed through the Ohio Department of Development (ODOD). The Schedule reports loans made and administrative costs as disbursements on the Schedule. The County uses loan repayments and interest received to make additional loans, which the Schedule also reports. Subsequent loans are subject to the same compliance requirements imposed by HUD as the initial loans. In addition, with the approval of ODOD, the County may use repaid monies for Community Improvement projects.

These loans are collateralized by mortgages on the property.

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

Beginning loans receivable balance as of January 1, 2009:	\$56,397
Loans made	0
Loan principal repaid	(3,771)
Ending loans receivable balance as of December 31, 2009:	<u>\$52,626</u>
Cash balance on hand in the revolving loan fund as of December 31, 2009	\$13,114
Administrative costs expended during 2009	\$1,260
2009 Expenditure for Gallipolis Township Slip Repair Project	\$26,125

The table above reports gross loans receivable. Of the loans receivable as of December 31, 2009, delinquent amounts due are \$0.

In addition, the County has Declining Mortgage Loans outstanding in the amount of \$140,944. These loans are not reported on the Schedule and are also not reported on the Basic Financial Statements. See Note 23 to the Basic Financial Statements. The cash balance on hand in the Housing Program Income Fund at December 31, 2009 was \$10,147. Expenditures from the Housing Program Income Fund during 2009 were \$1,063.

NOTE D – CHILD NUTRITION CLUSTER

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

GALLIA COUNTY

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

NOTE E – WORKFORCE INVESTMENT ACT (WIA) EXPENDITURES

Expenditures for the Workforce Investment Act (WIA) programs are presented on the Schedule as cash basis expenditures for the WIA Fund during 2009 less refunds and reimbursements received in the WIA Fund during 2009.

NOTE F – SUBRECIPIENTS

The County passes certain federal awards received from the Workforce Investment Act Area 7 to other governments or not-for-profit agencies (subrecipients). As Note A describes, the County records expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the County has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

NOTE G – OHIO DEPARTMENT OF DEVELOPMENTAL DISABILITIES

The Gallia County Department of Developmental Disabilities received federal financial assistance from the Ohio Department of Mental Retardation and Developmental Disabilities for the following program (which is audited at the state level and reported in the State Single Audit Report):

CFDA # 93.767	Children's Health Insurance Program
CFDA # 93.778	Medicaid Cluster (Individual Options, Level One Waiver, and Targeted Case Management Programs)

NOTE H – OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

The Gallia County Department of Job and Family Services, Children Services Board, and Child Support Enforcement Agency received federal financial assistance from the Ohio Department of Job and Family Services that are required to be audited at the County level for the first time for the following programs:

CFDA # 10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
CFDA # 93.556	Temporary Assistance for Needy Families
CFDA # 93.558	Temporary Assistance for Needy Families (TANF)
CFDA # 93.563	Child Support Enforcement
CFDA # 93.575/596/713	Child Care and Development Cluster
CFDA # 93.645	Child Welfare Services – State Grants
CFDA # 93.658	Foster Care Title IV-E
CFDA # 93.659	Adoption Assistance
CFDA # 93.667	Social Services Block Grant (Title XX)
CFDA # 93.669	Child Abuse and Neglect State Grants
CFDA # 93.778	Medical Assistance Program

The amounts presented for the above programs are as of May 20, 2010 (the most current information available) and are subject to change by the Ohio Department of Job and Family Services.

GALLIA COUNTY

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

NOTE I – HOMELAND SECURITY CLUSTER

The County reported the following federal programs for the Homeland Security Cluster on the Schedule of Federal Awards Expenditures. Several programs were incorporated into the Homeland Security Grant Program (CFDA # 97.067) in accordance with the guidance from the U.S. Department of Homeland Security.

<u>CFDA #</u>	<u>Program</u>	<u>Pass Through Entity Number</u>	<u>Amount</u>
97.053	Citizen Corps	2006-GC-T6-0051	\$0
97.067	Citizen Corps	2007-GE-T7-0030	0
97.067	State Homeland Security Program (SHSP)	2007-GE-T7-0030	13,225
97.067	State Homeland Security Program (SHSP)	2008-GE-T8-0025	0
97.067	Total Homeland Security Grant Program Cluster		<u>\$13,225</u>



Mary Taylor, CPA

Auditor of State

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

Gallia County
18 Locust Street
Gallipolis, Ohio 45631

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 Gallia County, Ohio (the County), as of and for the year ended December 31, 2009, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 23, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the County's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control over financial reporting that we consider material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonably possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider Findings 2009-002 and 2009-003 described in the accompanying Schedule of Findings to be material weaknesses.

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 an instance of noncompliance or other matters we must report under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2009-001.

We also noted certain matters not requiring inclusion in this report that we reported to the County's management in a separate letter dated September 23, 2010.

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

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

September 23, 2010



Mary Taylor, CPA

Auditor of State

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

Gallia County
18 Locust Street
Gallipolis, Ohio 45631

To the Board of County Commissioners:

Compliance

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

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

In our opinion, the County complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended December 31, 2009.

Internal Control Over Compliance

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

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

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

However we noted matters involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the County's management in a separate letter dated September 23, 2010.

We intend this report solely for the information and use of management, the Board of County Commissioners, and 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 23, 2010

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

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	No
(d)(1)(vii)	Major Programs (list):	Supplemental Nutrition Assistance Program – CFDA # 10.561 Workforce Investment Act Cluster (WIA) – CFDA #'s 17.258, 17.259, and 17.260 Temporary Assistance for Needy Families – CFDA # 93.558 Child Support Enforcement – CFDA # 93.563 Child Care and Development Cluster – CFDA #'s 93.575, 93.596, and 93.713 Social Services Block Grant – CFDA # 93.667 Medical Assistance Program – CFDA # 93.778
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

GALLIA COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2009
(Continued)

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

FINDING NUMBER 2009-001

Noncompliance Citation

Ohio Rev. Code Section 325.071 states there shall be allowed annually to the sheriff, in addition to all salary and allowances otherwise provided by law, an amount equal to one-half of the official salary allowed under division (A) of Section 325.06 and Section 325.18 of the Revised Code, to provide for expenses that the sheriff incurs in the performance of the sheriff's official duties and in the furtherance of justice. Upon the order of the sheriff, the county auditor shall draw the auditor's warrant on the county treasurer, payable to the sheriff or any other person as the order designates, for the amount the order requires. The amounts the order requires, not exceeding the amount provided by this Section, shall be paid out of the general fund of the county.

Ohio Rev. Code Section 325.06(B) states in addition to the annual compensation that a sheriff receives under this section for performing the duties of sheriff prescribed by law, each sheriff shall receive in consideration of the impact of Amended Substitute Senate Bill No. 2 of the 121st general assembly on the workload of the sheriff, an additional amount equal to one-eighth of the annual compensation that the sheriff receives under division (A) of this Section and Section 325.18 of the Revised Code.

As noted above, in Ohio Rev. Code Section 325.071 the Furtherance of Justice appropriation is determined by amounts paid under Sections 325.06(A) and 325.18. The appropriation does not include any amounts paid under Section 325.06(B).

The County Auditor issued \$28,638 to the Gallia County Sheriff's Office for Furtherance of Justice in January 2009. The calculation was based on the Sheriff's salary of \$57,276, which incorrectly included the one eighth additional salary authorized under Ohio Rev. Code Section 325.06(B). The correct salary to which the appropriation applied was \$50,912. This resulted in the County over-appropriating funds to the Sheriff's Furtherance of Justice account by \$3,182.

On September 16, 2010, a check for \$3,182 was drawn from the Gallia County Sheriff's Furtherance of Justice account and paid into the Gallia County General Fund in order to reflect the adjustment in the accounting system.

Officials' Response:

The adjustment was made on September 16, 2010. We are aware of this requirement and will monitor this in the future.

FINDING NUMBER 2009-002

Material Weakness

A detailed listing of capital assets including annual additions and deletions should be maintained and provided to individuals responsible for the compilation of the County's basic financial statements. This listing should include all assets owned or leased by the County in accordance with the County's capital asset capitalization policy.

GALLIA COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2009
(Continued)

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

FINDING NUMBER 2009-002 (Continued)

Material Weakness – Capital Asset Listing (Continued)

For a capital asset listing of items not including infrastructure, the County relies on reports provided by Industrial Appraisal Company which indicate a February 23, 2001 appraisal date and are updated annually as a result of inventory change reports submitted by the County Auditor's Office. For infrastructure, the County relies on information maintained by the Gallia County Engineer's Office and provided to the GAAP conversion company.

The County Auditor's Office relies on the departments to complete inventory change reports indicating additions, deletions, transfers, and corrections when capital assets are purchased or disposed. The information is then submitted to Industrial Appraisal Company to update the County's Property Inventory and Accounting Cost Record Report which serves as the capital asset listing for capital assets not including infrastructure.

Over the past several years, entries have been made by the GAAP conversion company as a result of their review or audit adjustments to record items not included on the County's Property Inventory and Accounting Cost Record Report.

The capital asset listing was not properly maintained by the County during the audit period. During our testing of capital assets, there were several errors noted in the capital asset listing. There are several items recorded on the financial statements which are not included in the County's Property Inventory and Accounting Cost Record Report. These errors include the following types of items:

- 2000 Services Building remodeling with cost of \$2,111,249 was not recorded on the capital asset listing.
- 2006 Voting machines / equipment with cost of \$342,900 was not recorded on the capital asset listing.
- 2007 Electronic Document Management System with a cost of \$414,847 was not completely recorded on the capital asset listing. \$30,227 of items were included on capital asset listing whereas the GAAP conversion company recorded the entire amount of \$414,847, resulting in an overstatement of \$30,227.
- During 2009, the County sent reports to the various County departments relating to capital assets. Anything not on the appraisal report was sent to the appraisal company to be added. This resulted in items being added to the appraisal report which have already been manually recorded by the GAAP conversion company to the County's financial statements. This also resulted in items being added to the appraisal report which we were unable to determine whether they had been recorded by the GAAP conversion company. A net total of \$94,401 was included in the appraisal report which was not deemed recorded on the financial statements.
- 2008 EMS equipment with a cost of \$34,000 was not recorded on the capital asset listing.
- 2006 unrecorded capital assets were not included in the capital asset listing which included the following items:
 - * Wheel Loader - \$121,217
 - * Three Police Sedans - \$49,695
 - * Two Sierra Pickup Trucks - \$35,604

GALLIA COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2009
(Continued)

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

FINDING NUMBER 2009-002 (Continued)

Material Weakness – Capital Asset Listing (Continued)

- * Live Scan workstation - \$38,303
- * Fifteen computers - \$28,812
- * Air packs - \$17,598
- * Ford Taurus vehicle - \$11,750

Of these items, we feel the three police sedans and two sierra pickup trucks were added to the capital asset listing as a result of the previously mentioned 2009 occurrence where the County sent reports to the various County departments relating to capital assets and anything not on the appraisal report was sent to the appraisal company to be added.

- 2007 unrecorded capital assets were not included in the capital asset listing which included the following items:
 - * ETI System - \$22,860
 - * Motorola Equipment - \$43,140
 - * Two Impala Vehicles - \$41,635
 - * 2008 International 7400 Vehicle - \$58,930
 - * Highway garage roof replacement - \$62,759
 - * Three public safety vehicles - \$57,824
 - * Costs related to electronic document management system - \$141,440
 - * Intellwave wireless broadband internet build - \$27,388
 - * Digital speech system - \$15,445
 - * Stainless steel dump body - \$18,050

Of these items, we feel the two Impala vehicles and the three public safety vehicles were added to the capital asset listing as a result of the previously mentioned 2009 occurrence where the County sent reports to the various County departments relating to capital assets and anything not on the appraisal report was sent to the appraisal company to be added.

- Items manually added by the GAAP conversion company representing 2004 additions which are not on the Capital Asset Listing and thus, annual depreciation expense is not being allocated.
- Net difference of \$59,805 when comparing financial statement amount to capital asset listing amounts.
- Disposal of items which were not included on the capital asset listing.
- Depreciation expense relating to the 2007 Electronic Document Management System in the amount of \$41,485 and the 2007 ambulances in the amount of \$17,321 was not recorded.
- Items added to the County's Property Inventory and Accounting Cost Record Report in 2008 which have already been recorded on the Financial Statements resulting in an overstatement in the net amount of \$74,019.
- Items recorded to the financial statements in 2008 which had already been recorded in prior years via audit adjustments resulting in an overstatement in the net amount of \$48,866.
- Engineer vehicle recorded as an addition to the financial statements in 2008 which has a net amount of \$62,546 and was recorded on the financial statements in the prior years as a result of an audit adjustment.
- The Early Childhood Family Center was completed during 2008, however, the building was not included as an addition to the capital asset listing nor were there additions or deletions relating to furniture, fixtures, equipment, etc.

GALLIA COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2009
(Continued)

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

FINDING NUMBER 2009-002 (Continued)

Material Weakness – Capital Asset Listing (Continued)

A search for unrecorded governmental activities capital asset additions and deletions/disposals for 2008 and 2009 revealed several unrecorded capital asset additions and disposals. As a result of our search, we noted the following:

Additions

- 2008 paving addition understatement amount of \$49,748 with December 31, 2009 estimated accumulated depreciation of \$4,975 was identified.
- Fiber optic lines transferred to the County from Gallia County Local School District Board of Education which had an insured value of \$300,000 were not recorded on the financial statements.
- Unrecorded capital lease was identified with an amount of \$27,567 and a December 31, 2009 estimated accumulated depreciation amount of \$15,507
- 2008 amount relating to portion of digital orthoimagery in an amount of \$130,545 with December 31, 2009 estimated accumulated depreciation of \$19,582 was not recorded on the financial statements.
- 2008 unrecorded capital assets totaling \$144,929 with December 31, 2009 estimated accumulated depreciation of \$14,670 were not included in the capital asset listing. This amount included among other items the following items:
 - * Spreader - \$6,500
 - * Ford F-250 - \$18,195
 - * Copier - \$6,125
 - * Security surveillance system - \$15,844
 - * Laserfiche document imaging system - \$11,522
 - * Digital recording system - \$7,574
 - * Tree limb shear - \$14,382
- 2009 unrecorded government type activities capital assets totaling \$539,270 with December 31, 2009 estimated accumulated depreciation of \$17,760 were not included in the capital asset listing. This amount included amount other items the following items:
 - * Crane - \$67,900
 - * 2006 GMC Sierra - \$16,026
 - * Unrecorded playground equipment - \$83,450
 - * New EMS facility - \$255,502
 - * New EMS facility parking lot - \$39,013An adjustment was made to the financial statements in the amount of \$461,891 for the above items with accumulated depreciation of \$12,739.
- The following business type activity differences were identified for which adjustments have been made to the financial statements:
 - Depreciation Expense in the amount of \$4,503 was charged to the BP Sewer fund which represented depreciation expense relating to the assets of the mental health board.
 - Net difference of \$8,816 in the Kanauga Addison Sewer Fund resulting from unrecorded amounts of \$9,197 and \$14,149 totaling \$23,346 less items which amounts of \$1,994; \$9,199; and \$3,337 totaling \$14,530 which were recorded as Kanauga Addison Sewer Fund items which actually related to Green Township Sewer or Mercerville Sewer.

GALLIA COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2009
(Continued)

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

FINDING NUMBER 2009-002 (Continued)

Material Weakness – Capital Asset Listing (Continued)

- Unrecorded total amounts of \$13,786 relating to Green Township Sewer resulting from an understatement of \$1,250 and amounts of \$9,199 and \$3,337 being recorded as Kanauga Addison Sewer items.
- Unrecorded Construction-in-Progress relating to Mercerville Sewer in the amount of \$62,292.
- The amount recorded by the GAAP conversion company for Infrastructure was overstated by an estimated net amount of \$1,222,088, as a result of using 2009 amounts from the spreadsheet prepared by the County Engineer's Office, which included entire roads instead of using the actual activity indicated in the County Engineer's annual report which indicated the individual/portions of roads paved, project amounts, bridge activity, etc. An adjustment had been made to the financial statements for this amount.

Although not included as an addition on the capital asset listing, the Gallia County Early Childhood Family Center was manually recorded. As a result of this manual recording, the building was overstated by an amount of \$163,352, which also resulted in a depreciation expense overstatement of \$4,084. In addition, accumulated depreciation was overstated for the current year by \$13,937 as a result of a full year being allocated for the Early Childhood Family Center in the first year (2008 which is an overstatement of \$34,801) and unrecorded depreciation for a portion of the Early Childhood Family Center in the amount of \$20,864 (\$6,955 in 2008 plus \$13,909 in 2009).

Deletions

For 2006 we noted assets totaling \$62,900 which should have been deleted from the capital asset listing. This amount represented a 1989 Wheel Loader which was indicated as being traded in when the new Wheel Loader was purchased.

For 2007, we noted assets totaling \$169,514 which should have been deleted from the Capital asset listing. This amount includes the following items:

- 1992 Dodge van - \$12,000
- 911 Department Security System - \$11,467
- Eight vehicles and a motorcycle sold in public auction - \$146,047

For 2008, we noted assets totaling \$406,538 which should have been deleted from the capital asset listing. This amount includes the following items:

- Eight vehicles with an acquisition cost of \$119,517 and December 31, 2009 accumulated depreciation of \$104,904 resulting in a net overstatement of \$14,613.
- Paving deletion as a result of paving addition with an estimated cost of \$287,021 and December 31, 2009 accumulated depreciation of \$240,072 resulting in a net overstatement of \$46,949.

For 2009, we noted an asset in the amount of \$23,976 which should have been deleted from the capital asset listing. This amount represents a tractor with side mower attachment which we feel represents the item traded in for the 2009 mower / tractor purchase.

GALLIA COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2009
(Continued)

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

FINDING NUMBER 2009-002 (Continued)

Material Weakness – Capital Asset Listing (Continued)

Also for 2009, we note that although there were additions to infrastructure, there were no amounts indicated as deleted. We feel that the majority of deletion amounts would be fully depreciated and not have an effect on the financial statement amounts however the result would be for footnote amounts to be overstated regarding total assets and accumulated depreciation.

We identified the following total differences as of December 31, 2009 after excluding audit adjustments:

Opinion Unit	Asset Difference	December 31, 2009 Accumulated Depreciation Difference	Net Difference
Governmental Activities	(\$484,199)	(\$588,744)	\$104,545
Business Type Activities	\$1,451	\$754	\$697
Gallia – Meigs Regional Airport	\$12,419	\$8,674	\$3,745

Such errors could result in the financial statements being materially misstated due to errors in capital asset amounts.

Maintaining systems to support financial statements is management’s responsibility. The lack of a system could result in the misstatement of capital assets in the County’s basis financial statements since there is no central area from which to collect the necessary information. Further, physical security and control of the assets are hampered by not having a central tracking system. This could result in future difficulties in calculating the capital asset values and therefore should be reviewed for correction to the County’s capital asset system.

We recommend the County develop and maintain a detailed listing of capital assets including annual additions and deletions to provide to individuals responsible for the compilation of the County’s basic financial statements. We further recommend that infrastructure be integrated into the County’s capital asset listing. In addition, we recommend the County annually perform a detailed review of capital assets to properly record additions and deletions to the capital asset listing.

Officials’ Response

On January 28, 2010, the Board of County Commissioners approved allowing County Auditor, Larry Betz to purchase software from his budget regarding inventory software. On April 29, 2010, the Board of County Commissioners approved a Capital Asset Policy.

GALLIA COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2009
(Continued)

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

FINDING NUMBER 2009-003

Material Weakness

A formal policy should be enacted by the Board of County Commissioners for maintaining a capital asset listing. This policy should include, but not be limited to, the following: capitalization threshold, categories or classes of assets, method of cost determination, method of depreciation, useful lives and methods of acquisition or disposal. Further, the policy should establish procedures relating to the recording of infrastructure including the following items: determination of values / method of capitalization, useful lives, items to be included in infrastructure, condition by each type of asset, and a documentation to indicate at what point an asset has had an improvement that increases its efficiency to the point the old asset value needs removed and the new value recorded (such as total repaving and not just patching of a road).

The County had a capital asset policy on file for assets not including infrastructure; however, it had not been updated for the requirements of GASB Statement Number 34. The County had a separate policy for capitalization of infrastructure capital assets which indicates the County Engineer and County Auditor will work together to develop a comprehensive infrastructure capital asset reporting system which will eventually be integrated with the County capital asset reporting system for all other capital assets.

Without updating their policy and integrating the infrastructure policy with the capital asset policy for other assets, this could result in the County not following the requirements of GASB Statement Number 34 for the reporting of capital assets. Further, this could result in materially misstated financial statements.

We recommend the Board of County Commissioners adopt a formal policy for maintaining a capital asset listing which incorporates the requirements of GASB Statement Number 34 and integrates the policy for reporting infrastructure including sewer systems. This policy should include, but not be limited to, the following:

- Capitalization threshold
- Categories or classed of assets
- Method of cost determination
- Method of depreciation
- Useful lives
- Methods of acquisition or disposal

Further, the policy should establish procedures relating to the recording of infrastructure including sewer systems which encompasses the following items:

- Determination of values / method of capitalization
- Useful lives
- Items to be included in infrastructure
- Condition by each type of asset
- Documentation to indicate at what point an asset has had an improvement that increases its efficiency to the point the old asset value needs removed and the new value recorded (such as total repaving and not just patching a road).

GALLIA COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2009
(Continued)

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

FINDING NUMBER 2009-003 (Continued)

Material Weakness – Capital Asset Policy (Continued)

Further, we recommend the County Commissioners, County Auditor, and County Engineer work together to develop a comprehensive capital asset reporting system.

Officials' Response

On January 28, 2010, the Board of County Commissioners approved allowing County Auditor, Larry Betz to purchase software from his budget regarding inventory software. On April 29, 2010, the Board of County Commissioners approved a Capital Asset Policy.

GALLIA COUNTY

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

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2009-001	On September 16, 2010, a check for \$3,182 was drawn from the Gallia County Sheriff's Furtherance of Justice account and paid into the Gallia County General Fund in order to reflect the adjustment in the accounting system. The Sheriff is aware of this requirement and will monitor this in the future.	Completed as of the date of the report	Joseph Browning, County Sheriff
2009-002	On January 28, 2010, the Board of County Commissioners approved allowing County Auditor, Larry Betz to purchase software from his budget regarding inventory software. On April 29, 2010, the Board of County Commissioners approved a Capital Asset Policy.	Completed as of the date of the report	Larry Betz, County Auditor
2009-003	On January 28, 2010, the Board of County Commissioners approved allowing County Auditor, Larry Betz to purchase software from his budget regarding inventory software. On April 29, 2010, the Board of County Commissioners approved a Capital Asset Policy.	Completed as of the date of the report	Larry Betz, County Auditor

GALLIA COUNTY

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Difference Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2008-001	Finding for recovery repaid under audit relating to law library association.	Yes.	
2008-002	Material weakness recommending the County develop and maintain a detailed listing of capital assets and the infrastructure be integrated into the capital asset listing.	No.	Not Corrected – Reissued as Finding 2009-002
2008-003	Material weakness recommending the County adopt a formal policy for maintaining a capital asset listing which incorporates the requirements of GASB Statement Number 34 and integrates the policy for reporting infrastructure.	No.	Not Corrected – Reissued as Finding 2009-003

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Mary Taylor, CPA
Auditor of State

GALLIA FINANCIAL CONDITION

GALLIA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 30, 2010**