



Dave Yost • Auditor of State

ADAMS COUNTY
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INDEPENDENT ACCOUNTANTS' REPORT

Adams County
110 West Main Street
West Union, Ohio 45693

To the Board of 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 unit and remaining fund information of Adams County, Ohio (the County) as of and for the year ended December 31, 2010. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in 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 that our audit provides a reasonable basis for our opinions.

Ohio Administrative Code Section 117-2-03 (B) requires the County to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a basis other than generally accepted accounting principles. The accompanying financial statements and notes omit entity wide statements, and assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

The financial statements do not include financial data for the Adams County Hospital, a blended major enterprise fund. Accounting principles generally accepted in the United States of America require the Adams County Hospital Fund to be reported with the financial data of the County's primary government unless the County also issues financial statements for the reporting entity that includes the Adams County Hospital's financial data. The County has not issued reporting entity financial statements. We cannot determine the amounts of assets, liabilities, net assets, revenues and expenses that the accompanying statements should present for the omitted Adams County Hospital in order to comply with accounting principles generally accepted in the United States of America. In addition, the assets, liabilities, net assets, revenues and expenses of the business-type activities and omitted blended major enterprise fund are understated by amounts which we cannot determine.

In our opinion, because of the omission of the Adams County Hospital, a blended major enterprise fund, as discussed above, the financial statements referred to above do not present fairly, in conformity with the basis of accounting Note 2 describes, the cash financial position of the business-type activities and the omitted blended major enterprise fund of Adams County, Ohio as of December 31, 2010, or its changes in cash financial position or cash flows thereof for the year ended.

In addition, in our opinion, except for the effects of omitting the blended major enterprise fund as discussed above, the financial statements referred to above present fairly, in all material respects, the cash financial position of the business-type activities of Adams County, Ohio, as of December 31, 2010, and the changes in cash financial position for the year then ended in conformity with the basis of accounting Note 2 describes.

Further, in our opinion, except for the effects of omitting the blended major enterprise fund as discussed above, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of Adams County, Ohio, as of December 31, 2010, and the respective changes in cash financial position thereof and the respective budgetary comparison for the General, Board of Developmental Disabilities, Job and Family Services and Motor Vehicle Gasoline Tax funds, thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

As discussed in Note 16 to the financial statements, the Adams County Hospital, a blended major enterprise fund of the County, did not meet certain debt covenants related to the bonds outstanding at December 31, 2010, has suffered recurring losses from operations and has a net asset deficiency. Note 16 describes Management's plans regarding these matters. The financial statements do not include any adjustments that might result from the outcome of these uncertainties.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2011, 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.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the County's basic financial statements taken as a whole. The federal awards expenditure schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The federal awards expenditure schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. 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 "Dave Yost". The signature is written in a cursive style with a large, looping "Y" at the end.

Dave Yost
Auditor of State

September 19, 2011

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Adams County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

The discussion and analysis of Adams County's financial performance provides an overview of the County's financial activities for the year ended December 31, 2010, within the limitations of the County's cash basis of accounting. Please read this in conjunction with the County's basic financial statements that begin on page 13.

Financial Highlights

Key financial highlights for 2010 are as follows:

Overall:

Total net assets increased \$1,101,799 with governmental activities increasing by \$1,105,918 and business-type activities decreasing by \$4,119.

Total cash receipts were \$25,737,252 in 2010.

Total cash disbursements were \$24,635,453 in 2010.

Governmental Activities:

Total program cash receipts were \$16,070,909 in 2010, while program cash disbursements were \$24,622,140.

Program cash disbursements were primarily composed of Public Works, Human Services, Health, General Government-Legislative and Executive, and Public Safety related cash disbursements which were \$6,091,348, \$5,839,170, \$3,215,967, \$2,706,853, and \$2,589,003, respectively, in 2010.

Business-Type Activities:

Program cash receipts were \$9,194 for business-type activities, while corresponding cash disbursements were \$13,313.

Using this Basic Financial Report

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

The *statement of net assets-cash basis* and *statement of activities-cash basis* provide information about the activities of the whole County, presenting an aggregate view of the County's cash basis finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed and what remains for future spending on the cash basis. The fund financial statements also look at the County's most significant funds with all other non-major funds presented in total in one column. In the case of the County, the General Fund, the Motor Vehicle Gas Tax Fund, the Job and Family Services Fund, and the ACBDD Fund are the most significant funds and have been presented as major funds.

Reporting the County as a Whole

The County's Reporting Entity Presentation

This annual report includes all activities for which the County is fiscally responsible. These activities, defined as the County's reporting entity, are operated within separate legal entities that make up the primary government and two other separate legal entities. The primary government consists of Adams County. The component unit presentation includes Venture Productions, Inc. on pages 13 and 14 presented on a cash basis. The Adams County Hospital is not presented in these financial statements as part of the primary government as they report on the accrual basis.

Adams County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the County to provide programs and activities, the view of the County as a whole looks at all cash basis financial transactions and asks the question, "How did we do financially during 2010?" The statement of net assets and the statement of activities report information about the County as a whole and about its activities in a way that helps answer this question. These statements include *only net assets* using the *cash basis of accounting*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid. These two statements report the County's *net assets* and changes in those assets. This change in net assets is important because it tells the reader whether, for the County as a whole, the *cash basis financial position* of the County has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the County's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, mandated federal and state programs and other factors.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

In the statement of net assets and the statement of activities, the County is divided into three distinct kinds of activities:

Governmental Activities – Most of the County's programs and services are reported here including general government, public safety, public works, health, human services, other, capital outlay, and debt service.

Business-Type Activities – These services are provided on a charge for goods or services basis to recover all of the cash disbursements of the goods or services provided. The County's wastewater treatment program and the airport are reported as business-type activities.

Component Unit Activities – Although Venture Productions, Inc. is a separate legal entity, the County includes their activities since the County is financially accountable for this entity. Adams County Hospital is also a separate legal entity; however, their financial statements are presented on the accrual basis of accounting. The financial statements of the Adams County Hospital are not included in this presentation.

Reporting the County's Most Significant Funds

Fund Financial Statements

The analysis of the County's major funds begins on page 8. 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 most significant funds that have been presented as major governmental funds are the General Fund, the Motor Vehicle Gas Tax Fund, the Job and Family Services Fund and the ACBDD Fund.

Governmental Funds Most of the County's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The governmental fund statements provide a detailed view of the County's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer cash basis financial resources that can be readily spent to finance various County programs. Since the County is reporting on the cash basis of accounting, there are no differences in the net assets and cash basis fund balances or changes in net assets and changes in cash basis fund balances. Therefore, no reconciliation is necessary between such financial statements. However, differences will be apparent when comparing gross receipts and disbursements on the fund financial statements to the statement of activities due to transfers and advances netted on the statement of activities. See Note 2 to the basic financial statements entitled *Government-Wide Financial Statements*.

Adams County, Ohio
Management's Discussion and Analysis
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Unaudited

Proprietary Funds The County's proprietary funds use the same basis of accounting (cash basis) as business-type activities; therefore, these statements will essentially match the information provided in statements for the County as a whole.

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 basis of accounting used for fiduciary funds is the cash basis of accounting. The County's only fiduciary funds are agency funds.

The County as a Whole

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 2010 as compared to 2009:

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Assets						
Equity in Pooled Cash, Cash Equivalents & Investments	\$9,999,391	\$8,927,966	\$5,611	\$9,730	\$10,005,002	\$8,937,696
Cash and Cash Equivalents with Fiscal Agents	146,535	168,214	0	0	146,535	168,214
Investments With Fiscal Agents	239,387	183,215	0	0	239,387	183,215
Total Assets	10,385,313	9,279,395	5,611	9,730	10,390,924	9,289,125
Net Assets						
Restricted	9,416,802	8,232,209	0	0	9,416,802	8,232,209
Unrestricted	968,511	1,047,186	5,611	9,730	974,122	1,056,916
Total Net Assets	\$10,385,313	\$9,279,395	\$5,611	\$9,730	\$10,390,924	\$9,289,125

Total net assets increased by \$1,101,799 due to cash receipts exceeding cash disbursements.

Adams County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010
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Table 2 shows the changes in net assets for 2010 as compared to 2009.

Table 2
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Cash Receipts						
<i>Program Cash Receipts</i>						
Charges For Services	\$3,311,148	\$3,001,991	\$9,194	\$9,234	\$3,320,342	\$3,011,225
Operating Grants and Contributions	11,220,981	12,064,049	0	0	11,220,981	12,064,049
Capital Grants and Contributions	1,538,780	389,685	0	0	1,538,780	389,685
Total Program Cash Receipts	16,070,909	15,455,725	9,194	9,234	16,080,103	15,464,959
<i>General Cash Receipts</i>						
Property Taxes	4,699,660	4,466,906	0	0	4,699,660	4,466,906
Sales Taxes	2,169,247	1,903,739	0	0	2,169,247	1,903,739
Grants and Entitlements Not Restricted to Specific Programs	1,274,609	1,334,464	0	0	1,274,609	1,334,464
Miscellaneous	604,998	803,050	0	16,481	604,998	819,531
Interest	98,276	129,084	0	0	98,276	129,084
Proceeds from Bonds and Loans	810,359	1,605,920	0	0	810,359	1,605,920
Total General Cash Receipts	9,657,149	10,243,163	0	16,481	9,657,149	10,259,644
Total Cash Receipts	25,728,058	25,698,888	9,194	25,715	25,737,252	25,724,603
Cash Disbursements						
<i>Program Cash Disbursements</i>						
<i>General Government</i>						
Legislative and Executive	2,706,853	2,909,400	0	0	2,706,853	2,909,400
Judicial	1,300,231	1,233,744	0	0	1,300,231	1,233,744
Public Safety	2,589,003	2,845,524	0	0	2,589,003	2,845,524
Public Works	6,091,348	5,156,504	0	0	6,084,598	5,156,504
Health	3,215,967	3,032,498	0	0	3,215,967	3,032,498
Human Services	5,839,170	6,855,703	0	0	5,839,170	6,855,703
Other	1,406,432	1,393,409	0	0	1,406,432	1,393,409
Capital Outlay	1,261,233	905,002	0	0	1,261,233	905,002
<i>Debt Service:</i>						
Principal Retirement	187,598	1,108,307	0	0	194,348	1,108,307
Interest and Fiscal Charges	24,305	58,022	0	0	24,305	58,022
Airport	0	0	11,834	26,477	11,834	26,477
Sewer	0	0	1,479	1,277	1,479	1,277
Total Cash Disbursements	24,622,140	25,498,113	13,313	27,754	24,635,453	25,525,867
Change in Net Assets	1,105,918	200,775	(4,119)	(2,039)	1,101,799	198,736
Net Assets at Beginning of Year	9,279,395	9,078,620	9,730	11,769	9,289,125	9,090,389
Net Assets at End of Year	\$10,385,313	9,279,395	\$5,611	\$9,730	\$10,390,924	\$9,289,125

Adams County, Ohio
Management's Discussion and Analysis
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Net assets increased \$1,105,918 in governmental activities in 2010. Program cash receipts were primarily composed of charges for services, operating grants and contributions and capital grants and contributions which were \$3,311,148, \$11,220,981, and \$1,538,780 respectively. The largest increase was in capital grants and contributions which was primarily due to an increase in intergovernmental receipts as a result of monies from the Ohio Public Works Commission. This increase was offset by a decrease in operating grants and contributions due to reduced grant funding in the Job and Family Services Program.

Program cash disbursements decreased, primarily due to a decrease in expenditures in principal retirement of \$913,959 due largely to the payment of the \$800,000 short term note during 2009 and a decrease in expenditures in human services of \$1,016,533 due to close budgetary monitoring and a reduction of grant monies from 2009 in the Job and Family Services Program. Public works disbursements increased as a direct result of the monies received from the Ohio Public Works Commission.

Property taxes and sales taxes made up 18.26 percent and 8.43 percent, respectively, of cash receipts for governmental activities for the County in 2010. Operating grants and contributions made up 43.61 percent of cash receipts for governmental activities for the County.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental and business-type activities, the total cost of services and the net cost of services (on the cash basis) for the County. That is, it identifies the cost of these services supported by tax receipts and unrestricted State entitlements. The dependence upon tax receipts and intergovernmental monies for governmental activities is apparent. Human services activities are mainly supported through charges for services and operating grants and contributions; for all governmental activities general cash receipts support is 37.53 percent as shown in Table 2. The taxpayers and the State of Ohio, as a whole, provide the vast majority of resources for Adams County.

Table 3
 Total Cost of Program Services
 Governmental Activities and Business-Type Activities

	2010		2009	
	<u>Total Cost of Service</u>	<u>Net Cost of Service</u>	<u>Total Cost of Service</u>	<u>Net Cost of Service</u>
Governmental Activities				
General Government				
Legislative and Executive	\$2,706,853	\$1,791,382	\$2,909,400	\$1,839,683
Judicial	1,300,231	976,910	1,233,744	944,243
Public Safety	2,589,003	1,584,209	2,845,524	1,667,512
Public Works	6,091,348	1,569,222	5,156,504	1,171,633
Health	3,215,967	495,821	3,032,498	451,679
Human Services	5,839,170	1,116,569	6,855,703	1,207,425
Other	1,406,432	1,082,762	1,393,409	1,092,129
Capital Outlay	1,261,233	(277,547)	905,002	501,755
Debt Service				
Principal Retirement	187,598	187,598	1,108,307	1,108,307
Interest and Fiscal Charges	24,305	24,305	58,022	58,022
Total Cash Disbursements -				
Governmental Activities	<u>\$24,622,140</u>	<u>\$8,551,231</u>	<u>\$25,498,113</u>	<u>\$10,042,388</u>
Business-Type Activities				
Airport	\$11,834	\$4,741	\$26,477	\$20,013
Sewer	1,479	(622)	1,277	(1,493)
Total Cash Disbursements -				
Business-Type Activities	<u>\$13,313</u>	<u>\$4,119</u>	<u>\$27,754</u>	<u>\$18,520</u>

Adams County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

Business-Type Activities

Business-type activities include wastewater treatment services and the County airport. Overall net assets decreased \$4,119 from 2009 to 2010. Only program cash receipts supported business-type activities and during 2010 program cash disbursements exceeded program cash receipts, which resulted in the above decrease.

The County's Funds

Information about the County's major funds starts on page 12. These funds are accounted for using the cash basis of accounting. All governmental funds had total cash receipts and other financing sources of \$26,137,485 and cash disbursements and other financing uses of \$25,013,223. The net change in fund balance for the year was most significant in the Adams County Board of Developmental Disabilities Fund and the Job and Family Services Fund. The fund balance in the Adams County Board of Developmental Disabilities Fund increased \$223,214 primarily due to an increase in intergovernmental receipts. The fund balance in the Job and Family Services Fund increased \$175,383 primarily due to a decrease in human services expenditures which exceeded the decrease in grant funding. The fund balance of the Motor Vehicle Gas Tax Fund increased \$89,253 primarily due to a decrease in cash disbursements for principal retirement as a one time short term note payment was made in 2009. The fund balance of the General Fund decreased \$78,675 due to an overall decrease in cash receipts.

General Fund Budgeting Highlights

The County's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. For the General Fund, final budget basis receipts and other financing sources were \$6,757,316, above original budget estimates of \$6,282,272. Of this \$475,044 difference, final budgeted tax receipts were \$267,975 above original estimates, charges for services receipts were \$70,987 above original estimates, intergovernmental receipts were \$86,156 above original estimates, and various other receipt categories made up the difference. Actual cash basis receipts and other financing sources were \$215,007 higher than final budgeted receipts which was primarily due to higher than expected tax receipts. Final budgeted appropriations were \$7,325,394, which were above original appropriations of \$7,267,746. Of the \$57,648 difference, final budgeted appropriations in the judicial expense and human services accounts were \$45,539 and \$15,579 above original budgeted appropriations, respectively. Total actual disbursements and other financing uses on the budget basis (cash outlays plus encumbrances) were \$7,194,592, which was \$222,269 above cash receipts and other financing sources. The actual fund balance for the General Fund exceeded the final budgeted fund balance by \$345,809.

Capital Assets and Debt Administration

Capital Assets

The County does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements. The County had capital outlay disbursements of \$1,261,233 during 2010.

Debt

Under the cash basis of accounting, the County does not report bonds, long-term notes or short-term notes in the accompanying cash basis financial statements. However, in order to provide information to the readers of this report, we are providing the following detailed information about bonds, long-term notes and short-term notes. At December 31, 2010, the County had \$3,140,385 in bonds and related long-term debt for governmental activities. For additional information on debt, please see Note 9.

Adams County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

Table 4 summarizes bonds, loans and notes outstanding for Governmental Activities for the past two years:

Table 4
 Outstanding Debt at December 31
 Governmental Activities

	2010	2009
General Obligation Bonds	\$130,000	\$250,000
Special Assessment Bonds	265,998	271,754
OPWC Loans	1,026,418	1,008,742
OWDA Loan	1,372,138	890,878
USDA Bonds	74,000	103,000
Gradall XL4100 III	271,831	0
Totals	\$3,140,385	\$2,524,374

Current Financial Related Activities

As the preceding information shows, the County heavily depends on its property taxpayers and sales taxpayers as well as intergovernmental monies. Since the property tax receipts do not grow at the same level as inflation and sales taxes are dependent upon the economy, the County will be faced with significant challenges over the next several years to contain costs and ultimately determine what options are available to the County to increase financial resources.

All of the County's financial abilities will be needed to meet the challenges of the future.

Contacting the County's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the County's cash basis finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact David Gifford, County Auditor of Adams County, 110 West Main Street, West Union, Ohio 45693-1395, or email at adamscoaud@cinci.rr.com.

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Adams County, Ohio
Statement of Net Assets - Cash Basis
As of December 31, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Venture Productions, Inc.
ASSETS:				
Equity in Pooled Cash, Cash Equivalents, and Investments	\$9,999,391	\$5,611	\$10,005,002	\$0
Cash and Cash Equivalents with Fiscal Agents	146,535	0	146,535	0
Investments with Fiscal Agents	239,387	0	239,387	0
Cash and Cash Equivalents	0	0	0	213,844
<i>Total Assets</i>	<u>10,385,313</u>	<u>5,611</u>	<u>10,390,924</u>	<u>213,844</u>
NET ASSETS:				
Restricted for Debt Service	21,826	0	21,826	0
Restricted for Capital Outlay	44,305	0	44,305	0
Restricted for ACBDD	3,050,944	0	3,050,944	0
Restricted for Motor Vehicle Gas Tax	1,583,614	0	1,583,614	0
Restricted for Job and Family Services	812,089	0	812,089	0
Restricted for Real Estate Assessment	613,572	0	613,572	0
Restricted for Ambulance and EMS	775,950	0	775,950	0
Restricted for Other Purposes	2,514,502	0	2,514,502	0
Unrestricted	968,511	5,611	974,122	213,844
<i>Total Net Assets</i>	<u>\$10,385,313</u>	<u>\$5,611</u>	<u>\$10,390,924</u>	<u>\$213,844</u>

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

Adams County, Ohio
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
As of December 31, 2010

	<u>General</u>	<u>ACBDD</u>	<u>Motor Vehicle Gas Tax</u>	<u>Job and Family Services</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:						
Equity in Pooled Cash, Cash Equivalents, and Investments	\$968,511	\$2,665,022	\$1,583,614	\$812,089	\$3,970,155	\$9,999,391
Cash and Cash Equivalents with Fiscal Agents	0	146,535	0	0	0	146,535
Investments with Fiscal Agents	0	239,387	0	0	0	239,387
<i>Total Assets</i>	<u>\$968,511</u>	<u>\$3,050,944</u>	<u>\$1,583,614</u>	<u>\$812,089</u>	<u>\$3,970,155</u>	<u>\$10,385,313</u>
FUND BALANCES:						
Reserved for Encumbrances	\$143,594	\$182,254	\$183,486	\$43,906	\$427,223	\$980,463
Unreserved, Undesignated Reported In:						
General Fund	824,917	0	0	0	0	824,917
Special Revenue Funds	0	2,868,690	1,400,128	768,183	3,481,235	8,518,236
Debt Service Funds	0	0	0	0	21,826	21,826
Capital Projects Funds	0	0	0	0	39,871	39,871
<i>Total Fund Balances</i>	<u>\$968,511</u>	<u>\$3,050,944</u>	<u>\$1,583,614</u>	<u>\$812,089</u>	<u>\$3,970,155</u>	<u>\$10,385,313</u>

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

Adams County, Ohio
Statement of Cash Receipts, Cash Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2010

	General	ACBDD	Motor Vehicle Gas Tax	Job and Family Services	All Other Governmental Funds	Total Governmental Funds
CASH RECEIPTS:						
Taxes	\$3,964,487	\$713,231	\$0	\$0	\$2,191,189	\$6,868,907
Special Assessments	0	0	0	0	49,628	49,628
Charges for Services	1,050,187	23,298	0	104,720	1,813,868	2,992,073
Licenses and Permits	2,096	0	0	0	0	2,096
Fines and Forfeitures	167,939	0	23,905	0	75,507	267,351
Intergovernmental	1,274,609	1,032,393	3,572,611	2,749,275	5,405,482	14,034,370
Interest	52,920	13,666	31,690	0	0	98,276
Other	259,157	46,320	9,948	192,409	97,164	604,998
<i>Total Cash Receipts</i>	<u>6,771,395</u>	<u>1,828,908</u>	<u>3,638,154</u>	<u>3,046,404</u>	<u>9,632,838</u>	<u>24,917,699</u>
CASH DISBURSEMENTS:						
Current:						
General Government:						
Legislative and Executive	2,068,828	0	0	0	638,025	2,706,853
Judicial	1,165,405	0	0	0	134,826	1,300,231
Public Safety	1,788,299	0	0	0	800,704	2,589,003
Public Works	83,754	0	3,791,015	0	2,216,579	6,091,348
Health	51,094	1,605,694	0	0	1,559,179	3,215,967
Human Services	390,674	0	0	2,871,021	2,577,475	5,839,170
Other	1,294,365	0	0	0	112,067	1,406,432
Capital Outlay	0	0	0	0	1,261,233	1,261,233
Debt Service:						
Principal Retirement	0	0	29,717	0	157,881	187,598
Interest and Fiscal Charges	0	0	0	0	24,305	24,305
<i>Total Cash Disbursements</i>	<u>6,842,419</u>	<u>1,605,694</u>	<u>3,820,732</u>	<u>2,871,021</u>	<u>9,482,274</u>	<u>24,622,140</u>
<i>Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements</i>	<u>(71,024)</u>	<u>223,214</u>	<u>(182,578)</u>	<u>175,383</u>	<u>150,564</u>	<u>295,559</u>
OTHER FINANCING SOURCES (USES):						
Proceeds from Bonds and Loans	0	0	271,831	0	538,528	810,359
Transfers In	74,579	0	0	0	50,143	124,722
Advances In	126,349	0	0	0	158,356	284,705
Transfers Out	(50,143)	0	0	0	(74,579)	(124,722)
Advances Out	(158,436)	0	0	0	(126,269)	(284,705)
<i>Total Other Financing Sources (Uses)</i>	<u>(7,651)</u>	<u>0</u>	<u>271,831</u>	<u>0</u>	<u>546,179</u>	<u>810,359</u>
<i>Net Change in Fund Cash Balances</i>	<u>(78,675)</u>	<u>223,214</u>	<u>89,253</u>	<u>175,383</u>	<u>696,743</u>	<u>1,105,918</u>
<i>Fund Cash Balances at Beginning of Year</i>	<u>1,047,186</u>	<u>2,827,730</u>	<u>1,494,361</u>	<u>636,706</u>	<u>3,273,412</u>	<u>9,279,395</u>
<i>Fund Cash Balances at End of Year</i>	<u>\$968,511</u>	<u>\$3,050,944</u>	<u>\$1,583,614</u>	<u>\$812,089</u>	<u>\$3,970,155</u>	<u>\$10,385,313</u>

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

Adams County, Ohio
*Statement of Receipts, Disbursements,
and Changes in Fund Balance - Budget and Actual (Budgetary Basis)
For the Year Ended December 31, 2010*

	General Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
RECEIPTS:				
Taxes	\$3,570,545	\$3,838,520	\$3,964,487	\$125,967
Charges for Services	945,832	1,016,819	1,050,187	33,368
Licenses and Permits	1,888	2,029	2,096	67
Fines and Forfeitures	151,251	162,603	167,939	5,336
Intergovernmental	1,147,954	1,234,110	1,274,609	40,499
Interest	0	0	52,920	52,920
Other	283,840	308,692	259,157	(49,535)
<i>Total Receipts</i>	<u>6,101,310</u>	<u>6,562,773</u>	<u>6,771,395</u>	<u>208,622</u>
DISBURSEMENTS:				
Current:				
General Government:				
Legislative and Executive	2,241,855	2,241,532	2,118,598	122,934
Judicial	1,193,608	1,239,147	1,189,990	49,157
Public Safety	1,817,472	1,826,103	1,826,024	79
Public Works	85,127	84,971	84,663	308
Health	59,979	71,185	52,172	19,013
Human Services	415,994	431,573	398,915	32,658
Other	1,378,261	1,376,553	1,315,651	60,902
<i>Total Disbursements</i>	<u>7,192,296</u>	<u>7,271,064</u>	<u>6,986,013</u>	<u>285,051</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	<u>(1,090,986)</u>	<u>(708,291)</u>	<u>(214,618)</u>	<u>493,673</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	67,168	72,209	74,579	2,370
Transfers Out	(75,450)	(54,330)	(50,143)	4,187
Advances In	113,794	122,334	126,349	4,015
Advances Out	0	0	(158,436)	(158,436)
<i>Total Other Financing Sources (Uses)</i>	<u>105,512</u>	<u>140,213</u>	<u>(7,651)</u>	<u>(147,864)</u>
<i>Excess of Receipts and Other Financing Sources over (under) Disbursements and Other Financing Uses</i>	<u>(985,474)</u>	<u>(568,078)</u>	<u>(222,269)</u>	<u>345,809</u>
<i>Fund Balance at Beginning of Year</i>	939,614	939,614	939,614	0
<i>Prior Year Encumbrances Appropriated</i>	<u>107,572</u>	<u>107,572</u>	<u>107,572</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$61,712</u></u>	<u><u>\$479,108</u></u>	<u><u>\$824,917</u></u>	<u><u>\$345,809</u></u>

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

Adams County, Ohio
*Statement of Receipts, Disbursements,
and Changes in Fund Balance - Budget and Actual (Budgetary Basis)
For the Year Ended December 31, 2010*

	ACBDD Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
RECEIPTS:				
Taxes	\$544,207	\$711,139	\$713,231	\$2,092
Charges for Services	17,777	23,230	23,298	68
Intergovernmental	757,678	990,091	1,032,393	42,302
Interest	0	0	13,666	13,666
Other	34,237	44,739	46,320	1,581
<i>Total Receipts</i>	<u>1,353,899</u>	<u>1,769,199</u>	<u>1,828,908</u>	<u>59,709</u>
DISBURSEMENTS:				
Current:				
Health	<u>2,120,921</u>	<u>2,120,921</u>	<u>1,787,948</u>	<u>332,973</u>
<i>Total Disbursements</i>	<u>2,120,921</u>	<u>2,120,921</u>	<u>1,787,948</u>	<u>332,973</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	<u>(767,022)</u>	<u>(351,722)</u>	<u>40,960</u>	<u>392,682</u>
<i>Fund Balance at Beginning of Year</i>	2,756,809	2,756,809	2,756,809	0
<i>Prior Year Encumbrances Appropriated</i>	<u>70,921</u>	<u>70,921</u>	<u>70,921</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$2,060,708</u>	<u>\$2,476,008</u>	<u>\$2,868,690</u>	<u>\$392,682</u>

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

Adams County, Ohio
*Statement of Receipts, Disbursements,
and Changes in Fund Balance - Budget and Actual (Budgetary Basis)
For the Year Ended December 31, 2010*

	Motor Vehicle Gas Tax Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
RECEIPTS:				
Fines and Forfeitures	\$21,398	\$23,919	\$23,905	(\$14)
Intergovernmental	3,198,002	3,574,726	3,572,611	(2,115)
Interest	0	0	31,690	31,690
Other	280,600	313,655	9,948	(303,707)
<i>Total Receipts</i>	<u>3,500,000</u>	<u>3,912,300</u>	<u>3,638,154</u>	<u>(274,146)</u>
DISBURSEMENTS:				
Current:				
Public Works	3,432,212	4,328,587	3,974,501	354,086
Debt Service:				
Principal Retirement	145,000	30,000	29,717	283
<i>Total Disbursements</i>	<u>3,577,212</u>	<u>4,358,587</u>	<u>4,004,218</u>	<u>354,369</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	<u>(77,212)</u>	<u>(446,287)</u>	<u>(366,064)</u>	<u>80,223</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from Bonds and Loans	0	0	271,831	271,831
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>271,831</u>	<u>271,831</u>
<i>Excess of Receipts and Other Financing Sources over (under) Disbursements and Other Financing Uses</i>	<u>(77,212)</u>	<u>(446,287)</u>	<u>(94,233)</u>	<u>352,054</u>
<i>Fund Balance at Beginning of Year</i>	1,417,149	1,417,149	1,417,149	0
<i>Prior Year Encumbrances Appropriated</i>	<u>77,212</u>	<u>77,212</u>	<u>77,212</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$1,417,149</u></u>	<u><u>\$1,048,074</u></u>	<u><u>\$1,400,128</u></u>	<u><u>\$352,054</u></u>

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

Adams County, Ohio
*Statement of Receipts, Disbursements,
and Changes in Fund Balance - Budget and Actual (Budgetary Basis)
For the Year Ended December 31, 2010*

	Job and Family Services Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
RECEIPTS:				
Charges for Services	\$117,295	\$104,868	\$104,720	(\$148)
Intergovernmental	3,024,730	2,704,282	2,749,275	44,993
Other	270,199	241,573	192,409	(49,164)
<i>Total Receipts</i>	<u>3,412,224</u>	<u>3,050,723</u>	<u>3,046,404</u>	<u>(4,319)</u>
DISBURSEMENTS:				
Current:				
Human Services	3,308,220	3,308,220	2,914,927	393,293
<i>Total Disbursements</i>	<u>3,308,220</u>	<u>3,308,220</u>	<u>2,914,927</u>	<u>393,293</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	<u>104,004</u>	<u>(257,497)</u>	<u>131,477</u>	<u>388,974</u>
<i>Fund Balance at Beginning of Year</i>	546,788	546,788	546,788	0
<i>Prior Year Encumbrances Appropriated</i>	<u>89,918</u>	<u>89,918</u>	<u>89,918</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$740,710</u></u>	<u><u>\$379,209</u></u>	<u><u>\$768,183</u></u>	<u><u>\$388,974</u></u>

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

Adams County, Ohio
Statement of Cash Basis Assets and Net Assets
Proprietary Funds
As of December 31, 2010

	<u>Enterprise Funds</u>
ASSETS:	
Equity in Pooled Cash, Cash Equivalents, and Investments	<u>\$5,611</u>
NET ASSETS:	
Unrestricted	<u>\$5,611</u>

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

Adams County, Ohio
*Statement of Cash Receipts, Cash Disbursements and
 Changes in Cash Basis Net Assets
 Proprietary Funds
 For the Year Ended December 31, 2010*

	Enterprise Funds
OPERATING CASH RECEIPTS:	
Charges for Services	\$9,194
<i>Total Operating Cash Receipts</i>	9,194
OPERATING CASH DISBURSEMENTS:	
Contractual Services	1,480
Materials and Supplies	11,833
<i>Total Operating Cash Disbursements</i>	13,313
<i>Changes in Net Cash Assets</i>	(4,119)
<i>Net Cash Assets at Beginning of Year</i>	9,730
<i>Net Cash Assets at End of Year</i>	\$5,611

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

Adams County, Ohio
Statement of Fiduciary Net Assets
Agency Funds
As of December 31, 2010

	<u>Agency Funds</u>
ASSETS:	
Equity in Pooled Cash, Cash Equivalents, and Investments	\$1,432,313
Cash and Cash Equivalents in Segregated Accounts	<u>371,687</u>
<i>Total Assets</i>	<u>1,804,000</u>
NET ASSETS:	
Unrestricted	<u>1,804,000</u>
<i>Total Net Assets</i>	<u><u>\$1,804,000</u></u>

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

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NOTE 1 - DESCRIPTION OF THE COUNTY AND REPORTING ENTITY

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

Reporting Entity

The County utilizes the standards of Governmental Accounting Standards Board Statement No. 14 for determining the 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 the County, this includes the Board of Developmental Disabilities and all departments and activities that are directly operated by the elected County officials.

Adams County Hospital (the Hospital) operates under Ohio Revised Code Section 339. The Hospital is served by a board of trustees appointed by the Adams County Commissioners and Adams County judges. The Hospital is not considered legally separate from the County. The Hospital prepares its financial statements in accordance with a basis of accounting which is different from that used by the County, and consequently, the Hospital's financial activity is not presented on the County's basic financial statements. Separately-issued financial statements can be obtained from Adams County Hospital, 230 Medical Center Drive, Seaman, Ohio 45679.

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

As the custodian of public funds, the County Treasurer invests all public monies on deposit in the County Treasury. In the case of separate agencies, boards, and commissions listed below, the County serves as fiscal agent, but is not financially accountable for their operations. Accordingly, the activity of the following districts and agencies is presented as agency funds within the County's financial statements: Soil and Water Conservation District, Adams County Health District, and Family and Children First Council.

The component unit column on the financial statements identifies the financial data of Venture Productions, Inc. The component unit is reported separately to emphasize that it is legally separate from the County. Information about Venture Productions, Inc. is presented with the County's disclosures.

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

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

Entities for which the County provides services but are not included in this report are the Adams County Educational Service Center, Agricultural Society, and the Historical Society.

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

The County is a member of the Southern Ohio Council of Governments, a jointly governed organization which is described in Note 10 to the basic financial statements.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash Deposits

The County Treasurer invests all available funds of the County. County funds are invested in checking accounts with local commercial banks. The County pools its cash for investment purposes to capture the highest rate of return.

Fund Accounting

The County's accounts are maintained on the basis of funds, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific County functions or activities. The operation of each fund is accounted for within a separate self-balancing set of accounts.

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 purpose for which they may or must be used. Cash disbursements are assigned to the fund from which they are paid. The difference between governmental fund assets and cash disbursements is reported as fund balance. The following are the County's major governmental funds:

General Fund

This fund is the general 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 is available to the County for any purpose provided it is expended or transferred according to the general laws of Ohio.

ACBDD Special Revenue Fund

This fund accounts for various federal and state grants and a property tax levy used to provide assistance and training to mentally retarded and developmentally disabled individuals.

Motor Vehicle Gas Tax Special Revenue Fund

This fund accounts for monies received from state gasoline tax and motor vehicle registration fees designated for maintenance and repair of roads and bridges.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Job and Family Services Special Revenue Fund

This fund accounts for various federal and state grants as well as transfers from the General Fund used to provide public assistance to general relief recipients, pay their providers of medical assistance, and for certain public social services.

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

Proprietary Funds

The proprietary funds are used to account for the County's ongoing activities which are similar to those found in the private sector. Enterprise funds are the County's only proprietary fund type.

Enterprise Funds

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing services to the general public on a continuing basis be financed or recovered through user charges. Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the fund. For the County, enterprise funds are the Sewer Fund, which is used to account for the activities related to wastewater treatment in the County, and the Airport Fuel Fund, which is used to account for fuel purchases and sales for the airport.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. The County's only fiduciary funds are agency funds.

Agency Funds

Agency funds are custodial in nature (assets equal net assets) and do not involve measurement of results of operations. In accordance with GASB 34, fiduciary funds are not included in the government-wide statements. 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.

Basis of Presentation

For 2010, the County has continued to follow the provisions of GASB 34 for financial reporting on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America, and GASB 38, for certain financial statement note disclosures. Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The County does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the County's accounting policies. The County's basic financial statements consist of government-wide statements, including a statement of net cash assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 statement of net assets-cash basis presents the cash basis financial condition of governmental and business-type activities of the County at year-end. The statement of activities-cash basis presents a comparison between direct cash disbursements and program cash receipts for each program or function of the County's governmental and business-type activities. Direct cash disbursements are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program cash receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Cash receipts which are not classified as program cash receipts are presented as general cash receipts of the County. The comparison of direct cash disbursements with program cash receipts identifies the extent to which each business segment or governmental function is self-financing or draws from the general cash receipts of the County.

The government-wide financial statements also display information regarding one of the legally separate entities or component units, for which the County is fiscally responsible. This component unit is Venture Productions, Inc. and is described further in Note 1 to the financial statements.

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 fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

Basis of Accounting

Although required by Ohio Administrative Code Section 117-2-03(B) to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America (GAAP), the County chooses to prepare its financial statements and notes in accordance with standards established by the Auditor of State for governmental entities that are not required to prepare annual financial reports in accordance with generally accepted accounting principles. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary disbursements when a commitment is made (i.e., when an encumbrance is approved). These statements include adequate disclosure of material matters, in accordance with the basis of accounting described above.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

For comparability purposes, Venture Productions, Inc.'s financial information has been presented on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash Receipts – Exchange and Non-exchange Transactions

Cash receipts resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the cash basis when the exchange takes place. On the cash basis, receipts are recorded in the year in which the resources are received.

Non-exchange transactions, in which the County receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the cash basis, receipts from property taxes are recognized in the year in which the taxes are received. Receipts from grants, entitlements and donations are recognized in the year in which the monies have been received.

Cash Disbursements

On the cash basis of accounting, disbursements are recognized at the time payments are made.

Budgetary Process

Budget

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

Estimated Resources

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

Appropriations

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources. Advances are not appropriated.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The allocation of appropriations among departments and objects within a fund may be modified during the year only by a resolution of the County Commissioners. Several supplemental appropriation resolutions were legally enacted by the County Commissioners during the year. 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.

Encumbrances

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

Cash and Cash Equivalents and Investments

Cash and cash equivalents and investments consist of the total of fund cash balances of all funds as of December 31, 2010. To improve cash management, cash received by the County is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. County funds are maintained in several checking accounts as well as invested in certificates of deposit with terms of eleven to fifteen months. Individual fund balance integrity is maintained through the County's records. Balances of all funds are maintained in these accounts or are temporarily used to purchase certificates of deposit or investments. All interest receipts are reported in the General Fund except those specifically related to those funds deemed appropriate according to state statutes, grant requirements or debt related restrictions. For 2010, interest receipts credited to the General Fund, Motor Vehicle/Gas Tax Fund and the ACBDD Fund were \$52,920, \$31,690, and \$13,666, respectively.

Capital Assets and Depreciation

Capital assets (fixed assets) acquired or constructed for the County are recorded as disbursements at the time of acquisition. However, under the cash basis of accounting, capital assets and the related depreciation are not reported separately on the financial statements.

Compensated Absences

Vacation and sick leave benefits are not accrued under the cash basis of accounting as previously described. All leave will either be absorbed by time off from work or, within certain limitations, paid to the employees.

Long-Term Debt Obligations and Short-Term Debt Obligations

In general, bonds, long-term loans, capital leases, and short-term debt obligations are recorded as cash disbursements in the basic financial statements when paid.

Net Assets – Cash Basis

Net assets consist of cash receipts reduced by cash disbursements for the current year. 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. Restricted for other purposes is comprised of net assets restricted for grants. The County applies restricted resources when a disbursement is made for purposes for which both restricted and unrestricted net assets are available.

Of the County's \$9,416,802 of restricted net assets, none is restricted by enabling legislation.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Transactions

Exchange transactions between funds are reported as cash receipts in the seller funds and as cash disbursements in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented on the financial statements. The County reports advances-in and advances-out for interfund loans. In the government-wide financial statements transfers and advances within governmental activities or within business-type activities are eliminated.

NOTE 3 – DEPOSITS AND INVESTMENTS

A. Primary Government

State statutes classify monies held by the County into two categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash, 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 monies may be deposited or invested in the following securities:

- A. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
- B. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the 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;
- C. 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;
- D. Bonds and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
- E. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
- F. No-load money market mutual funds consisting exclusively of obligations described in division (A) or (B) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
- G. The State Treasurer's investment pool (STAR Ohio);

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

A. Primary Government (Continued)

- H. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in division (A) or (B) or cash or both securities and cash, equal value for equal value;
- I. High grade commercial paper in an amount not to exceed five percent of the County's total average portfolio;
- J. Bankers' acceptance and commercial paper notes for a period not to exceed two hundred and seventy days and in an amount not to exceed ten percent of the County's total average portfolio; and
- K. Under limited circumstances, corporate debt interests rated in any of the three highest rating classifications by at least two nationally recognized rating agencies.

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

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

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.

Cash on Hand: At year-end, the County had \$3,000 in undeposited cash on hand which is included as part of net assets.

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.

The County's bank balance of \$12,344,931 is either covered by FDIC or collateralized by the financial institutions' public entity deposit pools in the manner as described above.

\$385,922 was on hand with the Southern Ohio Council of Governments (the "Council"), as described in Note 10 to the financial statements. The Council, as fiscal agent, is responsible for obtaining adequate collateral for this money.

B. Component Unit – Venture Productions, Inc.

At year-end, the carrying amount of Venture Productions, Inc.'s deposits was \$213,844 and the bank balance was \$214,543. The bank balance was covered by federal deposit insurance.

Adams County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

NOTE 4- BUDGETARY BASIS FUND BALANCES

Differences between the budgetary basis fund balances and fund cash balances are due to encumbrances. The table below presents those differences for the County's major funds:

	General Fund	ACBDD	Motor Vehicle Gas Tax	Job and Family Services
Budgetary Basis Fund Balances	\$824,917	\$2,868,690	\$1,400,128	\$768,183
Encumbrances	143,594	182,254	183,486	43,906
Fund Cash Balances	\$968,511	\$3,050,944	\$1,583,614	\$812,089

NOTE 5 – TAXES

PERMISSIVE SALES AND USE TAX

The County Commissioners, by resolution, imposed a 1 percent tax on all retail sales made in the County, except sales of motor vehicles, and on the storage, use, or consumption of tangible personal property in the County, including motor vehicles, not subject to the sales tax. In addition, the voters have authorized an additional 0.5 percent tax. The allocation of the sales tax is 1 percent to the County's General Fund and 0.5 percent for Adams County Hospital. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies the amount of the tax to be returned to the County to the State Auditor. The Tax Commissioner's certification must be made within forty-five days after the end of each month. The State Auditor then has five days in which to draw the warrant payable to the County.

PROPERTY TAX

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the County. Property tax receipts received during 2010 for real and public utility property taxes represent collection of 2009 taxes. Property tax payments received during 2010 for tangible personal property (other than public utility property) are for 2009 taxes.

2010 real property taxes are levied after October 1, 2010 on the assessed value as of January 1, 2010, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2010 real property taxes are intended to finance 2011.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility property is assessed at 35 percent of true value. 2010 public utility property taxes became a lien December 31, 2009, are levied after October 1, 2010, and are collected in 2011 with real property taxes.

2010 tangible personal property taxes are levied after October 1, 2009, on the value as of December 31, 2009. Collections are made in 2010. Tangible personal property assessments are 25 percent of true value. The tangible personal property tax will phase out over a four-year period starting with tax year 2006 and ending in 2009. This phase-out applies to most businesses and includes furniture and fixtures, machinery and equipment and inventory. New manufacturing machinery and equipment first reported on the 2006 and subsequent year returns is not subject to the personal property tax.

The assessed value for the taxes levied in 2010 was \$577,391,350 of which real property represented 67 percent (\$385,996,350) of the total, public utility property represented 33 percent (\$190,912,020) of the total, and tangible personal property represented less than one percent (\$482,980) of the total. The full tax rate for all County operations for taxes collected in 2010 was \$10.56 per \$1,000 of assessed valuation.

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

Adams County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

NOTE 5 – TAXES (Continued)

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

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

NOTE 6 - RISK MANAGEMENT

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

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

Each member county has one vote, on all matters requiring a vote, to be cast by a designated representative. The affairs of 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.

Insurance coverage stayed the same as in the prior year. Settled claims during 2010 did not exceed commercial insurance coverage. Settlement amounts on claims have not exceeded insurance coverage in any of the past three years.

The Pool's audited financial statements conform with generally accepted accounting principles and reported the following assets, liabilities, and equity at April 30:

	<u>2010</u>	<u>2009</u>
Assets	\$73,578,891	\$72,479,935
Liabilities	<u>35,974,123</u>	<u>46,928,457</u>
Net Assets	<u>\$37,604,768</u>	<u>\$25,551,478</u>

NOTE 7 - RETIREMENT SYSTEMS

Ohio Public Employees Retirement System (OPERS)

- A. The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans as described below:
 - 1) The Traditional Pension Plan (TP) – a cost-sharing multiple-employer defined benefit pension plan.
 - 2) The Member-Directed Plan (MD) – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.
 - 3) The Combined Plan (CO) – a cost-sharing multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.
- B. OPERS provides retirement, disability, and survivor and death benefits and annual cost-of-living adjustments to qualifying members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.
- C. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.
- D. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling 614-222-5601 or 800-222-7377.
- E. The Ohio Revised Code provides statutory authority for member and employer contributions. For 2010, member and employer contribution rates were consistent across all three plans.

The 2010, 2009, and 2008 member contribution rates were 10.0%, 10.0%, and 10.0%, respectively, for members in state and local classifications. Public safety and law enforcement members contributed at a rate of 10.5%, 10.1%, and 10.1%, respectively.

The 2010, 2009, and 2008 employer contribution rates for members in state and local classifications were 14.0%, 14.0%, and 14.0%, respectively, of covered payroll. For both public safety and law enforcement divisions, the employer contribution rates were 17.87%, 17.63%, and 17.4%, respectively.

The County's contributions to OPERS for the years ended December 31, 2010, 2009, and 2008 were \$1,305,164, \$1,377,567, and \$1,299,684, respectively, which were equal to the required contributions for those years.

State Teachers Retirement System (STRS)

State Teachers Retirement System of Ohio (STRS Ohio) is 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.

NOTE 7 - RETIREMENT SYSTEMS (Continued)

State Teachers Retirement System (STRS) (Continued)

Plan Options – 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.

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.

NOTE 7 - RETIREMENT SYSTEMS (Continued)

State Teachers Retirement System (STRS) (Continued)

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.

For the year ended December 31, 2010, plan members were required to contribute 10 percent of their annual covered salaries. The County was required to contribute 14 percent. The County's required contributions for pension obligations to STRS Ohio for the years ended 2010, 2009, and 2008 were \$0, \$7,317, and \$8,638, respectively; which were equal to the required amounts for those years.

STRS Ohio issues a stand-alone financial report. Additional information or copies of STRS Ohio's Comprehensive Annual Financial Report can be requested by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling 888-227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

Social Security System

Effective July 1, 1991, all employees not otherwise covered by a State Retirement System have an option to choose Social Security or the appropriate state system. As of December 31, 2010, none have elected Social Security.

NOTE 8 - POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System (OPERS)

- A. Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan (TP) – a cost-sharing multiple-employer defined benefit pension plan; the Member-Directed Plan (MD) – a defined contribution plan; and the Combined Plan (CO) – a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age and service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

NOTE 8 - POSTEMPLOYMENT BENEFITS (Continued)

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

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

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, the County contributed at 14.0% of covered payroll for state and local employees and 17.87% for public safety and law enforcement employees. The Ohio Revised Code currently limits the employer contribution rate not to exceed 14.0% of covered payroll for state and local employer units and 18.1% for members of law enforcement. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care was 5.5% from January 1 through February 28, 2010 and 5.0% from March 1 through December 31, 2010. For 2009, the employer contributions allocated to the health care plan was 7.0% from January 1 through March 31, 2009 and 5.5% from April 1 through December 31, 2009. For 2008, the employer contributions allocated to the health care plan was 7.0% of covered payroll. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

- C. The employer contributions that were used to fund post-employment benefits were \$473,899 for 2010, \$578,086 for 2009, and \$649,842 for 2008.
- D. The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year from 2006 to 2008. These rate increases allowed additional funds to be allocated to the health care plan.

State Teachers Retirement System

STRS Ohio administers a pension plan that is comprised of: a Defined Benefit Plan; a self-directed Defined Contribution Plan; and a Combined Plan, which is a hybrid of the Defined Benefit and Defined Contribution plan.

Ohio law authorizes STRS Ohio to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the Defined Benefit or Combined Plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. Pursuant to Section 3307 of the Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

STRS Ohio issues a stand-alone financial report. Interested parties can view the most recent Comprehensive Annual Financial Report by visiting www.strsoh.org or by requesting a copy by calling toll free 888-227-7877.

Adams County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

NOTE 8 - POSTEMPLOYMENT BENEFITS (Continued)

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14% contribution rate, 1% of covered payroll was allocated to post-employment health care for the years ended June 30, 2010, 2009 and 2008. For the County, these amounts equaled \$0, \$523, and \$617, respectively, for 2010, 2009, and 2008. The 14% employer contribution rate is the maximum rate established under Ohio Law.

NOTE 9 - DEBT OBLIGATIONS

Long-Term Debt Obligations:

Under the cash basis of accounting, debt obligations are not reported as a liability in the accompanying basic financial statements. However, information regarding the County's general long-term obligations during 2010 is as follows:

	Beginning Balance 1/1/2010	Additions	Payments	Ending Balance 12/31/2010	Due in One Year
General Obligation Bonds, 3.75 - 5.25%	\$ 250,000	\$ -	\$ 120,000	130,000	\$ 130,000
Special Assessment Bonds, 3.25%	271,754	-	5,756	265,998	5,944
OPWC Loan #CO02H, 0%	80,600	-	5,200	75,400	5,200
OPWC Loan #CO09I, 0%	188,534	-	11,784	176,750	11,784
OPWC Loan #CO15L, 0%	350,857	54,143	-	405,000	6,750
OPWC Loan #CO05M, 0%	382,000	-	12,733	369,267	12,733
OWDA Loan #4623, 4.82%	161,964	7,488	-	169,452	-
OWDA Loan #4981, 1.00%	728,914	473,772	-	1,202,686	-
OWDA Loan #5226, 0%	-	3,125	3,125	-	-
USDA Police Cruiser Bonds 2009, 4.5%	75,000	-	15,000	60,000	15,000
USDA Police Cruiser Bonds 2006, 4.5%	28,000	-	14,000	14,000	14,000
Gradall XL 4100 III, 4.0%	-	271,831	-	271,831	50,192
	<u>\$ 2,517,623</u>	<u>\$ 810,359</u>	<u>\$ 187,598</u>	<u>\$ 3,140,384</u>	<u>\$ 251,603</u>

Outstanding general obligation bonds consist of Human Services Building Refunding Bonds. General obligation bonds are direct obligations of the County for which its full faith, credit and resources are pledged and are payable from taxes levied on all taxable property in the County. The bonds were originally issued in the amount of \$1,160,000 and mature December 1, 2011. These bonds are being repaid from the Debt Service fund.

Outstanding special assessment bonds in the amount of \$320,163 were issued for the purpose of financing part of the cost of constructing a sanitary sewer line extension in the Peebles area. It is anticipated that the debt will be paid by the benefited property owners and not from the general funds of the County. However, County general funds are pledged for repayment. The bonds are payable over a period of thirty-nine years at 3.25% per annum, maturing June 1, 2039.

Adams County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

NOTE 9 - DEBT OBLIGATIONS (Continued)

During 2005, the County entered into two grant/loan agreements with the Ohio Public Works Commission (OPWC). The first agreement, pertaining to the Pence Road and Church Road Bridge Replacements, included a grant in the amount of \$364,000 and a loan (Loan #CO02H) in the amount of \$104,000 at 0% interest, with semi-annual payments of \$2,600, maturing July 1, 2025. The second agreement, pertaining to the Buck Run Road Bridge Replacement, included a grant in the amount of \$100,000 and a loan (Loan #CO09I) in the amount of \$235,669 for 2005 represented in the amortization schedule at 0% interest, with semi-annual payments of \$5,892, maturing January 1, 2026. The OPWC loans are being repaid from the Motor Vehicle Gas Tax fund.

During 2007, the County Commissioners issued \$70,000 of USDA bonds for the purpose of purchasing six sheriff's cruisers. The bonds bear interest at 4.5% and mature in 2011. The bonds will be repaid from the Debt Retirement – Cruisers Fund.

During 2007, the County entered into a loan agreement (Loan #4623) with the Ohio Water Development Authority (OWDA) for the purpose of obtaining funds in the amount of \$262,065 for the design phase of the wastewater plant improvement project. As of December 31, 2010, all funds have been drawn, but a final amortization schedule has not yet been prepared and therefore is not included in the amortization schedules below. This loan carries an interest rate of 4.82% and is scheduled to mature on July 1, 2012.

During 2008, the County entered into a loan agreement (Loan #4981) with OWDA for the purpose of obtaining funds in the amount of \$754,764 for phase one of the wastewater plant improvement project. As of December 31, 2010, \$1,202,686 had been drawn. This loan carries an interest rate of 1% and is scheduled to mature on July 1, 2039. A final amortization schedule has not been prepared and this loan is not included in the amortization schedules below.

During 2009, the County entered into a grant/loan agreement with OPWC. The agreement, pertaining to Sproull Bridge Replacement, includes a grant of \$458,200 and a loan (Loan #CO05M) in the amount of \$382,000 at 0% interest. This loan is being paid in semi-annual installments of \$6,367, and matures on January 1, 2039. This loan will be paid from the Motor Vehicle Gas Tax fund.

During 2008, the County entered into a grant/loan agreement with OPWC. The agreement, pertaining to the Schools' Access and Sewage Project – Phase I, includes a grant of \$404,800 (CO14L), and a loan (CO15L) in the amount of \$405,000. This loan (CO15L) has a 0.00% interest rate. This loan is to be paid back in semi-annual installments of \$6,750. The first payment was originally scheduled for July 1, 2010; however, the County received an extension from OPWC in 2010 and is now due January 1, 2011, with a final loan maturity of July 1, 2040.

During 2009, the County entered into a grant/loan agreement (Loan #5226) with OWDA and the American Reinvestment and Recovery Act (ARRA) for the purpose of obtaining funds in the amount of \$61,877 Home Sewage Treatment System project. As of December 31, 2010, \$54,740 has been drawn. The entire amount of the loan was paid with ARRA grant funding. The draws and payments have occurred during 2009 and 2010. The loan carries an interest rate of 0.00%.

During 2009, the County Commissioners issued \$75,000 in USDA bonds for the purpose of purchasing police cruisers. The bonds bear interest at 4.5% and mature in 2014. The bonds will be repaid from the Debt Retirement – Cruisers Fund.

During 2010, the County Commissioners entered into a loan agreement with National Bank of Adams County in the amount of \$271,831 to purchase a Gradall XL 4100 III for the Engineer's Office. This loan has a 4.0% interest rate and will mature in 2015. This loan will be repaid from the Motor Vehicle Gas Tax Fund.

At December 31, 2010, the County's overall legal debt margin was \$9,794,400 with an unvoted debt margin of \$5,773,914.

Adams County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

NOTE 9 - DEBT OBLIGATIONS (Continued)

Amortization of the above long-term debt obligations is as follows:

2001 Human Services Refunding Bonds				Special Assessment Bonds			
Due In	Principal	Interest	Total	Due In	Principal	Interest	Total
2011	\$130,000	\$5,785	\$135,785	2011	\$5,944	\$8,597	\$14,541
2012	0	0	0	2012	6,139	8,402	14,541
2013	0	0	0	2013	6,340	8,201	14,541
2014	0	0	0	2014	6,547	7,994	14,541
2015	0	0	0	2015	6,762	7,779	14,541
2016-2020	0	0	0	2016-2020	37,280	35,423	72,703
2021-2025	0	0	0	2021-2025	43,806	28,901	72,707
2026-2030	0	0	0	2026-2030	51,465	21,240	72,705
2031-2035	0	0	0	2031-2035	60,469	12,238	72,707
2036-2040	0	0	0	2036-2040	41,246	2,377	43,623
Total	\$130,000	\$5,785	\$135,785	Total	\$265,998	\$141,152	\$407,150

OPWC Loans				USDA Bonds			
Due In	Principal	Interest	Total	Due In	Principal	Interest	Total
2011	\$36,467	\$0	\$36,467	2011	\$29,000	\$3,330	\$32,330
2012	43,217	0	43,217	2012	15,000	2,025	17,025
2013	43,217	0	43,217	2013	15,000	1,350	16,350
2014	43,217	0	43,217	2014	15,000	675	15,675
2015	43,217	0	43,217	2015	0	0	0
2016-2020	216,084	0	216,084	2016-2020	0	0	0
2021-2025	213,484	0	213,484	2021-2025	0	0	0
2026-2030	131,166	0	131,166	2026-2030	0	0	0
2031-2035	131,166	0	131,166	2031-2035	0	0	0
2036-2040	118,432	0	118,432	2036-2040	0	0	0
2041	6,750	0	6,750	2041	0	0	0
Total	\$1,026,417	\$0	\$1,026,417	Total	\$74,000	\$7,380	\$81,380

Gradall XL 4100 III			
Due In	Principal	Interest	Total
2011	\$50,192	\$10,874	\$61,066
2012	52,176	8,890	61,066
2013	54,287	6,779	61,066
2014	56,459	4,607	61,066
2015	58,717	2,349	61,066
Total	\$271,831	\$33,499	\$305,330

NOTE 10 - JOINTLY GOVERNED ORGANIZATIONS

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 fifteen member board with each participating County represented by its Director of its Board of Developmental Disabilities. Member counties include: Adams, Athens, Brown, Clinton, Fayette, Gallia, Highland, Jackson, Lawrence, Meigs, Pickaway, Pike, Ross, Scioto, and Vinton Counties. The Council acts as fiscal agent for the Adams County Board of Developmental Disabilities’ supportive living program monies. The County had a \$385,922 balance on hand with the Council which includes investments at cost. 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.

NOTE 11 - PUBLIC ENTITY SHARED RISK POOLS

County Risk Sharing Authority, Inc.

The County Risk Sharing Authority, Inc. (CORSA) is a jointly governed organization among sixty-two counties in Ohio. CORSA was formed as an Ohio not-for-profit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverage provided by CORSA.

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 of Trustees. No county may have more than one representative on the Board of Trustees 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.

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 of Ohio 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 the participants. These five members are elected for the ensuing year by the participants at the 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.

NOTE 12 – HEALTH CARE BENEFITS

The County provides life insurance and accidental death and dismemberment insurance to most employees with Consumer Life through Medical Mutual of Ohio. The County has elected to provide employee medical/surgical benefits and dental benefits through Medical Mutual. The employees share the cost of the monthly premium with the Board of Commissioners. The premium varies with employee depending on the terms of the union contract or personnel policy. Vision insurance is provided to employees by the County through Vision Plus of America.

NOTE 13 - CONTINGENT LIABILITIES

A. Primary Government

Grants

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.

Litigation

The County is party to several lawsuits pending against the County. The County's legal counsel is uncertain as to the exact outcome of the lawsuits, and does not estimate any liability on the County's part.

B. Component Unit – Venture Productions, Inc.

As of December 31, 2010, there was no pending litigation against Venture Productions, Inc.

NOTE 14 – INTERFUND TRANSACTIONS

Transfers

	Transfers In	Transfers Out
<i>Major Fund:</i>		
General	\$74,579	\$50,143
 <i>Non-major Special Revenue Funds:</i>		
Adams County GIS	0	6,189
Certificate of Title	0	68,390
Dog and Kennel	25,000	0
Total Non-major Special Revenue Funds	25,000	74,579
 <i>Non-major Capital Projects Fund:</i>		
Sewer Line Project – Barnes	25,143	0
Total Non-major Capital Project Fund	25,143	0
Total All Funds	\$124,722	\$124,722

Transfers are used to move revenues from the fund that collects them in accordance with statute or budget to the fund that is required to expend them in accordance with statute or budget and to provide resources for current operations. The transfers from the Certificate of Title Fund were legal transfers authorized by the Ohio Revised Code, and the transfer from the Adams County GIS to the General Fund was court ordered to close out the fund.

Adams County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

NOTE 14 – INTERFUND TRANSACTIONS (Continued)

	Advances In	Advances Out
<i>Major Fund:</i>		
General	\$126,349	\$158,436
 <i>Non-major Special Revenue Funds:</i>		
Justice Assistance Grant	32,693	25,445
Sheriff Rotary Cops	6,101	6,101
Project Safe	108,149	83,310
HUD – CDBG	5,658	5,658
State Victim’s Assistance	2,555	2,555
Adult Community Corrections	1,500	1,500
Total Non-major Special Revenue Funds	156,656	124,569
 <i>Non-major Capital Projects Funds:</i>		
Sewer Line Project	1,700	1,700
Total Non-major Capital Projects Funds	1,700	1,700
Total All Funds	\$284,705	\$284,705

During the year, the County’s General Fund made advances to other funds in anticipation of intergovernmental grant revenue. Advances to the General Fund are for repayments of advances.

NOTE 15 – COMPLIANCE

The Ohio Administrative Code Section 117-2-03(B) requires the County to prepare its annual financial report in accordance with generally accepted accounting principles. Contrary to this requirement, the County has elected to prepare its annual financial report on a cash basis.

Contrary to Office of Management and Budget (OBM) Circular A-133 Subpart C Section .300, the County did not identify all federal awards expended correctly for the Schedule of Expenditures of Federal Awards for 2010.

Contrary to ORC Section 5705.41(B), the County had expenditures exceeding appropriations in the County-Township-Village Road Project.

Contrary to ORC Section 5705.41(D)(1), the County did not certify the availability of funds prior to purchase commitments.

NOTE 16 – ADAMS COUNTY HOSPITAL

The Adams County Hospital, a major enterprise fund of the County, which is not included in the financial statements, did not comply with the provisions of the bond covenants which require a day’s cash on hand to be greater than 50 days and debt service coverage equal to at least 120% of maximum annual debt service. The Hospital has obtained a waiver of these covenants. The Hospital’s net assets decreased approximately \$6,258,000 and \$1,869,000 in 2010 and 2009, respectively. The Hospital had a loss from operations of \$861,000 in 2010 and \$1,051,000 in 2009. These factors could be indicative of the Hospital’s inability to continue as a going concern and the separately issued Hospital’s audit opinion of December 31, 2010 reflected this going concern issue. Hospital management plan to evaluate contribution margins of certain lines of business, physician recruitment, renegotiation of supplies contracts and vendor agreements, flexing staff levels consistent with inpatient census and outpatient needs in addition to other cost containment initiatives as well as implementing a strategic price increase for procedures performed. The Adams County Hospital’s financial statements can be obtained from the chief financial officer at 230 Medical Center Drive, Seaman, Ohio 45679.

NOTE 17 – SUBSEQUENT EVENTS

A loan agreement was approved on January 19, 2011 with the Ohio Public Works Commission Issue I Round 25 County, Townships and Village Road Improvements for 2010-2011 (CO030) for \$200,000 for 30 years at 0% with payments of \$6,666.67 annually. In relation to this grant/loan project approved at \$872,722 (CO020), the County awarded the following bids on July 25, 2011:

Coon Hill Road Bridge to U.S. Bridge for \$184,055
Straight Creek Road Bridge to U.S. Bridge for \$366,190
Road work to Brown County Construction for \$341,260

A federal grant, CFDA #20.205, was awarded to the County on March 14, 2011 with estimated revenues of \$237,051 for the rehab of the Harshaville covered bridge.

The County approved the Ohio Public Works Commission Poplar Grove Road Landslide Repairs Grant Agreement on June 17, 2011 for the amount of \$280,000.

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ADAMS COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2010

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education:</i>			
Child Nutrition Cluster:			
Cash Assistance:			
National School Breakfast Program	065813-05PU-2010	10.553	2,814
National School Lunch Program	065813-LLP4-2010	10.555	4,228
National School Lunch Program - Equipment Assistance Grant	065813-LLP4-2010	10.555	3,719
Total Nutrition Cluster			10,761
<i>Passed Through Ohio Dept. Job & Family Services</i>			
State Admin. Matching Grants For Supplemental Nutrition Assistance Program	G-1011-11-5001	10.561	295,294
ARRA - State Admin. Matching Grants For Supplemental Nutrition Assist. Prog	G-1011-11-5001	10.561	17,936
Total Supplemental Nutrition Assistance Program Cluster			313,230
Total U.S. Department of Agriculture			323,991
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed Through Ohio Department of Developmental Disabilities</i>			
Social Services Block Grant	N/A	93.667	22,777
<i>Passed Through Ohio Department of Job & Family Services</i>			
Social Services Block Grant	G-1011-11-5001	93.667	82,903
			105,680
<i>Passed Through Ohio Department of Developmental Disabilities</i>			
ARRA - Medical Assistance Program - EF MAP	N/a	93.778	69,563
<i>Passed Through Ohio Department of Job & Family Services</i>			
Medical Assistance Program	G-1011-11-5001	93.778	215,526
Medical Assistance Program-NET	G-1011-11-5001	93.778	146,796
Medical Assistance Program-PRST	G-1011-11-5001	93.778	2,365
Medical Assistance Program-Child Welfare Related	G-1011-11-5001	93.778	8,989
			373,676
Total Medical Assistance Program			443,239
State Children's Health Insurance Program (SCHIP)	G-1011-11-5001	93.767	5,146
Promoting Safe & Stable Families	G-1011-11-5001	93.556	20,581
Tanf Cluster			
ARRA - Emergency Contingency Fund for Tanf State Programs	G-1011-11-5001	93.714	187,445
Temporary Assistance for Needy Families	G-1011-11-5001	93.558	943,416
Total Tanf Cluster			1,130,861
Child Support Enforcement	G-1011-11-5001	93.563	293,277
ARRA - Child Support Enforcement	G-1011-11-5001	93.563	155,137
			448,414
Child Care & Development Cluster			
Child Care & Development Block Grant	G-1011-11-5001	93.575	2,189
Child Care Mandatory & Matching Funds of the Child Care Development Fund	G-1011-11-5001	93.596	26,209
Child Care & Development Cluster Total			28,398
Child Welfare Services - State Grants	G-1011-11-5001	93.645	65,619
Foster Care - Maintenance	G-1011-11-5001	93.658	258,418
Foster Care - Administration	G-1011-11-5001	93.658	77,437
ARRA - Foster Care	G-1011-11-5001	93.658	17,081
			352,936
Adoption Assistance - Administration	G-1011-11-5001	93.659	134,284
Adoption Assistance - Non-recurring Adoption	G-1011-11-5001	93.659	2,500
			136,784
Child Abuse & Neglect State Grants	G-1011-11-5001	93.669	1,759
Chafee Foster Care Independence Program	G-1011-11-5001	93.674	4,325
<i>Passed Through Ohio Secretary of State</i>			
Voting Access For Individuals with Disabilities - Grants to States		93.617	939
Total U.S. Department of Health and Human Services			2,744,681

(Continued)

ADAMS COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
<i>Passed Through Ohio Emergency Management Agency:</i>			
Homeland Security Cluster			
FY09 Emergency Management Performance Grant	2009-EP-E9-0061	97.042	26,267
FY10 Emergency Management Performance Grant	2010-EP-00-0003	97.042	8,960
State Homeland Security Program (SHSP)	2007-GET70030	97.067	14,823
Total Homeland Security Cluster			50,050
Total U.S. Department of Homeland Security			50,050
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
<i>Passed Through Ohio Department of Development</i>			
CDBG Cluster			
Community Development Block Grant - CDBG Formula FY09	B-F-09-1AA-1	14.228	129,204
Community Development Block Grant - CDBG-ARC LLL Waterline	B-P-09-1AA-1	14.228	250,000
ARRA - Community Development Block Grant-Water/San Sewer P	B-R-09-001-1	14.255	476,846
Total Community Development Block Grant Cluster			856,050
Home Investment Partnerships Program	B-C-08-1AA-2	14.239	67,012
Total U.S. Department of Housing and Urban Development			923,062
<u>U.S. ELECTION ASSISTANCE COMMISSION</u>			
<i>Passed Through Ohio Secretary of State</i>			
Help America Vote Act Requirements Payments	N/A	90.401	537
Total U.S. Election Assistance Commission			537
<u>U.S. DEPARTMENT OF EDUCATION</u>			
<i>Passed Through Ohio Department of Health:</i>			
Special Education Grants for Infants and Families w/Disabilities	01-1-002-1-HG-02-09	84.181	19,274
ARRA - Help Me Grow	01-1-002-1-HA-01-110	84.393A	17,282
Total U.S. Department of Education			36,556
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Federal Aviation Administration- Airport Improvement Program	N/A	20.106	8,093
<i>Passed Through Ohio Department of Transportation</i>			
Ohio Coordination Program CRD 0001-002-091	N/A	20.513	32,939
Total U.S. Department of Transportation			41,032
<u>U.S. DEPARTMENT OF JUSTICE</u>			
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program - Grants to States & Territories	2009-SB-09-1123	16.803	10,676
<i>Passed Through Ohio Department of Public Safety</i>			
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program - Grants to States & Territories	2009-RA-DO1-2205	16.803	109,771
			120,447
Edward Byrne Memorial Justice Assistance Grant Program	2009-JG-D01-T11823	16.738	31,893
Total U.S. Department of Justice			152,340
TOTALS			4,272,249

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

ADAMS COUNTY

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED 2010**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - 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.

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. The Schedule reports loans made and administrative costs as disbursements on the Schedule. Subsequent loans are subject to the same compliance requirements imposed by HUD as the initial loans.

These loans are collateralized by mortgages on the property or equipment.

Activity in the CDBG revolving loan fund during 2010 is as follows:

Beginning loans receivable balance as of January 1, 2010	\$56,818
Loans made	0
Loan principal repaid	(3,784)
Ending loans receivable balance as of December 31, 2010	\$53,034
Cash balance on hand in the revolving loan fund as of December 31, 2010	\$34,356
Administrative costs expended during 2010	0

The table above reports gross loans receivable. Of the loans receivable as of December 31, 2010, the County does not estimate the outstanding to be uncollectible.

NOTE D - 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 E – OHIO DEPARTMENT OF JOB AND FAMILY SERVICES (ODJFS) FUNDING

The Ohio Department of Job and Family Services (ODJFS) sub-awarded to Adams County, Federal funding from the U.S. Department of Health and Human Services. Although these programs were administered at the County level, in July 2010 ODJFS adjusted some of the County's child care and TANF expenditures to align them with available funding sources. ODJFS' adjustments were retroactive to the beginning of the grant period (October 1, 2009). Therefore, these July 2010 adjustments affect 2009 calendar-year program expenditures previously reported as follows:

Child Care Cluster	CFDA #	Pass through #	2009 Federal Expenditures Reported	July 2010 Adjustment	Adjusted 2009 Federal Expenditures Reported
Child Care and Development Block Grant	93.575	G-89-20-1013/G-1011-11-5001	\$125,679	0	\$125,679
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	G-89-20-1013/G-1011-11-5001	\$174,782	(\$87,340)	\$87,442
ARRA - Child Care and Development Block Grant	93.713	G-89-20-1013/G-1011-11-5001	\$54,216	0	\$54,216
Temporary Assistance to Needy Families	93.558	G-89-20-1013/G-1011-11-5001	\$1,579,436	\$38,723	\$1,618,159
Total			\$1,934,113	(\$48,617)	\$1,885,496



Dave Yost • Auditor of State

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

Adams County
110 West Main Street
West Union, Ohio 45693

To the Board of Commissioners:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate discretely presented component unit and remaining fund information of Adams County, Ohio (the County), as of and for the year ended December 31, 2010, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 19, 2011, wherein we noted the County uses a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America, and that the County's cash basis financial statements do not include amounts related to the Adams County Hospital, which should be presented as a blended major enterprise fund and be part of the business-type activities. As discussed in Note 16 to the financial statements, the Adams County Hospital, a blended major enterprise fund of the County, did not meet certain debt covenants related to the bonds outstanding at December 31, 2010, has suffered recurring losses from operation and has a net asset deficiency. Note 16 describes Management's plans regarding these matters. The financial statements do not include any adjustments that might result from the outcome of these uncertainties. 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 a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the County's financial statements will not be prevented or detected and timely corrected. We consider finding 2010-001 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2010-001 through 2010-003.

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 19, 2011.

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

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

Dave Yost
Auditor of State

September 19, 2011



Dave Yost • Auditor of State

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

Adams County
110 West Main Street
West Union, Ohio 45693

To the Board of Commissioners:

Compliance

We have audited the compliance of Adams County, Ohio (the County), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the year ended December 31, 2010. 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, 2010. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that, while not affecting our opinion on compliance, OMB Circular A-133 requires us to report. The accompanying schedule of findings lists this instance as Finding 2010-004.

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 the requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, we cannot assure we have identified all deficiencies, significant deficiencies, or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2010-004 to be a material weakness. 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 19, 2011.

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

We intend this report solely for the information and use of the audit committee, management, Board of Commissioners, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Dave Yost
Auditor of State

September 19, 2011

ADAMS COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2010

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Qualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	Yes
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	93.558 TANF 93.714 TANF-ARRA 93.563 Child Support 93.778 Medicaid 93.658 Foster Care 10.551 SNAP 10.561-SNAP-ARRA 14.228/14.255 CDBG/CDBG-R
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

FINDING NUMBER 2010-001

Noncompliance Citation/Material Weakness

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

**FINDING NUMBER 2010-001
(Continued)**

Ohio Admin Code Section 117-2-03(B) requires the County to prepare its annual financial report with accounting principles generally accepted in the United States of America. However, the County prepared its financial statements in accordance with the cash basis of accounting in a report format similar to the requirements of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. This presentation differs from accounting principles generally accepted in the United States of America (GAAP).

The accompanying financial statements and notes omitted assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Rev. Code Section 117.38 the County may be fined for its failure to file the required financial report. In addition, the financial statements do not include financial data for the Adams County Hospital, a blended major fund. Accounting principles generally accepted in the United States of America require the Adams County Hospital Fund to be reported with the financial data of the County’s primary government unless the County also issues financial statements for the reporting entity that includes the Adams County Hospital’s financial data. The County has not issued reporting entity financial statements. We recommend the County prepare its financial statements in accordance with generally accepted accounting principles and include all blended major funds.

Officials’ Response:

County officials have reviewed the cost of converting to GAAP and have concluded that such conversion would not be financially feasible. Therefore, the county will continue on the OCBOA basis of financial reporting.

FINDING NUMBER 2010-002

Noncompliance Citation

Ohio Rev. Code, Section 5705.41 (B), requires disbursements be limited by appropriations. During 2010, expenditures of \$1,136,175 exceeded appropriations of \$298,153 in Capital Project Fund 245, County-Township-Village Road Project. Not properly amending appropriations could lead to overspending of available cash balances. County Management should review budget and actual receipts and disbursements. By regular monitoring its budgetary position throughout the year, the County will be better able to determine when amendments need to be made to original budgeted receipts and disbursements thus avoiding negative fund/account code balances, and will be better prepared for making decisions which will affect the overall available cash position of the County.

Officials’ Response:

During year-end budgetary review, this fund’s appropriation was inadvertently reduced because of the on-behalf-of project. The expenditures had occurred in December, however we had not received notification until January.

In the future we will take into consideration any open purchase orders/encumbrances when reviewing budgetary status at year end.

FINDING NUMBER 2010-003

Noncompliance Citation

Ohio Rev. Code, Section 5705.41(D)(1), prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the

expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" Certificate - If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the County can authorize the drawing of a warrant for the payment of the amount due. The County has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than one hundred dollars (\$100) maybe paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the County

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The County may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

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

The County did not certify the availability of funds before making purchase commitments in 11% of expenditures reviewed, and these commitments did not meet the exceptions described above. Additionally, we noted 4 (7%) expenditures tested which were issued without the completion, authorization, or certification of a purchase order. Failure to properly certify and encumber expenditures can result in overspending funds and negative cash fund balances.

**FINDING NUMBER 2010-003
 (Continued)**

Unless the County uses the exceptions noted above, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the County funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that funds are or will be available prior to obligation by the County.

We recommend the County officials and employees obtain the Fiscal Officer's certification of the availability of funds prior to the commitment being incurred. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the County incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase orders to the proper appropriation code to reduce the available appropriation.

Officials' Response:

The County Commissioners have implemented a procedure for expenditures requiring "Then and Now" certification exceeding the \$100 limit. Department heads are required to attend a board meeting to explain why the department employee lacked proper certification for the expenditure and to request approval for the expenditure. As a result of the meetings, "Then and Now" certifications have dropped tremendously.

3. FINDINGS FOR FEDERAL AWARDS

Finding Number	2010-004
CFDA Title and Number	93.558 TANF 93.563 Child Support 93.778 Medicaid 10.551 SNAP 93.658 Foster Care 14.228/14.255 CDBG/CDBG-R
Federal Award Number / Year	2010
Federal Agency	US Department of Agriculture US Department of Health and Human Services US Department of Housing and Urban Development
Pass-Through Agency	Ohio Department of Job and Family Services Ohio Department of Developmental Disabilities Ohio Department of Development

Noncompliance Citation/Material Weakness

Office of Management and Budget (OMB) Circular A-133 Subpart C, Section .310(b) states, in part, that the auditee shall prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements.

**FINDING NUMBER 2010-004
(Continued)**

Office of Management and Budget (OMB) Circular A-133 Subpart C Section .300 states, in pertinent part, that the auditee shall:

- (a) Identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity. (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with §.310.

Federal disbursements for the County's audit period are to be reported on its Federal Awards Expenditure Schedule (the Schedule). Each year, the County Auditor's office sends individual schedules to each department to determine the amounts to be included on the Schedule. Since the department schedules submitted by the various departments are the basis for the County's Schedule, their completeness and accuracy is necessary to complete the County's federal awards expenditure schedule correctly. Per our review of the schedules completed by the various departments of the County, following are some of the deficiencies noted:

- The draft federal schedule of expenditures did not include the Temporary Assistance for Needy Families Summer Youth grant as was reported by Job & Family Services in the amount of \$187,445 or two Justice Assistance Grants totaling \$42,569 in the Sheriff and Prosecutor's office.
- The draft federal schedule of expenditures over-reported the Foster Care Administration amount by \$193,635 and failed to report \$134,284 of expenditures for Adoption Assistance Administration. These administration monies should be pulled from the quarterly SSRMS reconciliation forms rather than the Quic+ reports due to pre-allocated amounts on the Quic+ reports.
- The draft federal schedule of expenditures for US Department of Housing and Urban Development was over stated by \$616,682. This included \$178,187 of expenditures that was determined to be state monies and approximately \$456,000 of expenditures that were overstated.
- The draft federal schedule included expenditures that were reported in the Fiscal Year 2009 federal schedule in the amount of \$51,615 for the Home Sewage System Improvement Grant.

Inaccurate completion of the federal departmental schedules could lead to inaccurate reporting of federal expenditures by the County, and possible loss of federal funding. Adjustments were made to the County's Federal Schedule for the errors noted above.

We recommend the department heads ensure their individual department federal schedules are completed with care and careful consideration prior to submission to the County Auditor's office for inclusion on the County's Schedule. Knowledge of each program and its requirements should be understood by the various departments. Reporting requirements on the federal schedule can be accessed in Circular No. A-133 through the Office of Management and Budget.

We also recommend that the various departments monitor receipts and expenditures during the year so that at year end they are able to differentiate between federal and state receipts and expenditures. Additionally, if the Auditor and Treasurer are informed by the departments of the grants that have been awarded, they may be able to assist the departments by segregating the grant funds into separate sub-funds in the accounting system.

Officials' Response:

The County Auditor plans to meet with department heads one-on-one to explain the above-stated concerns, and impress upon them that these monies must be accounted for and reported accurately.

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ADAMS COUNTY

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
DECEMBER 31, 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	Ohio Admin Code Section 117-2-03(B) requires the County to prepare its annual financial report in accordance with generally accepted accounting principles. The County filed its report using the cash basis of accounting.	No	Not corrected. Reissued as 2010-001
2009-002	Contrary to ORC 307.05 and 9.60, the County did not have written contracts between the County and non profit organizations providing emergency medical services until May 2009 and recommendations on contract language.	Partially corrected	Recommendation on contract language reissued in management letter
2009-003	OMB Circular A-133 requires the completion of a schedule of expenditures of Federal awards. The County had numerous deficiencies noted on the schedule.	No	Reissued as 2010-004

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Dave Yost • Auditor of State

ADAMS COUNTY FINANCIAL CONDITION

ADAMS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
SEPTEMBER 29, 2011