



Mary Taylor, CPA
Auditor of State

SCIOTO COUNTY
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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Scioto County
602 Seventh Street
Portsmouth, Ohio 45662

To the Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of Scioto County, Ohio (the County), as of and for the year ended December 31, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of Scioto County, Ohio, as of December 31, 2009 and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparisons for the General, Public Assistance, Motor Vehicle Gas Tax, Board of Developmental Disabilities, and Children Services Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2010, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

Mary Taylor, CPA
Auditor of State

November 18, 2010

SCIOTO COUNTY, OHIO
Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited

MANAGEMENT'S DISCUSSION AND ANALYSIS

Scioto County's (the County) discussion and analysis of the annual financial report provides a review of the financial performance for the year ended December 31, 2009.

FINANCIAL HIGHLIGHTS

The County's total net assets increased \$4,075,491 during 2009. Net assets of governmental activities increased \$3,606,107. Net assets of business-type activities increased \$469,384.

General revenues of governmental activities accounted for \$18,042,274. Program specific revenues in the form of charges for services and sales, grants, contributions, and interest restricted to specific programs accounted for \$37,214,320.

The Sewer Enterprise Fund reflected operating income of \$328,000.

The County had \$51,650,487 in expenses related to governmental activities; \$37,214,320 of these expenses were offset by program specific charges for services and sales, grants, contributions and interest. General revenues (primarily grants and entitlements, property taxes and sales taxes) of \$18,042,274 were adequate to provide for these programs. The County had \$2,891,282 in expenses related to business-type activities; all of which were offset by program specific charges for services and sales and capital grants and contributions.

USING THIS ANNUAL FINANCIAL REPORT

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

REPORTING THE COUNTY AS A WHOLE

Statement of Net Assets and the Statement of Activities

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

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

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

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

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

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

REPORTING THE COUNTY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The analysis of the County's major funds begins on page 8. Fund financial statements provide detailed information about the County's major funds – not the County as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the County Auditor, with the approval of the County Commissioners, to help control, manage and report money received for a particular purpose or to show that the County is meeting legal responsibilities for the use of grants. The County's major funds are the General, Public Assistance, Motor Vehicle Gas Tax, Board of Developmental Disabilities, Children Services, and Sewer Funds.

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

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

SCIOTO COUNTY, OHIO
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Unaudited

THE COUNTY AS A WHOLE

As stated previously, the Statement of Net Assets looks at the County as a whole. Table 1 provides a summary of the County's net assets for 2009 compared to 2008.

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Assets						
Current and						
Other Assets	\$30,262,029	\$30,007,628	\$2,632,555	\$2,437,500	\$32,894,584	\$32,445,128
Investment in						
Joint Venture	140,292	130,987	0	0	140,292	130,987
Capital Assets, Net of Depreciation	80,643,551	78,634,468	16,783,540	16,221,835	97,427,091	94,856,303
Total Assets	111,045,872	108,773,083	19,416,095	18,659,335	130,461,967	127,432,418
Liabilities						
Current and Other						
Liabilities	10,010,780	10,459,315	406,903	200,139	10,417,683	10,659,454
Long-Term Liabilities:						
Due Within						
One Year	2,608,788	2,569,581	378,577	357,677	2,987,365	2,927,258
Due in More Than One Year	13,666,738	14,590,728	7,242,053	7,182,341	20,908,791	21,773,069
Total Liabilities	26,286,306	27,619,624	8,027,533	7,740,157	34,313,839	35,359,781
Net Assets						
Invested in						
Capital Assets, Net of Related Debt	68,590,428	65,814,140	9,287,232	8,807,770	77,877,660	74,621,910
Restricted for:						
Debt Service	788,134	366,845	0	0	788,134	366,845
Capital Projects	390,113	1,221,032	0	0	390,113	1,221,032
Other Purposes	17,932,753	16,463,751	0	0	17,932,753	16,463,751
Unrestricted (Deficit)	(2,941,862)	(2,712,309)	2,101,330	2,111,408	(840,532)	(600,901)
Total Net Assets	\$84,759,566	\$81,153,459	\$11,388,562	\$10,919,178	\$96,148,128	\$92,072,637

Current and other assets of the County's governmental activities increased \$254,401. The increase was mainly due to an increase of \$481,767 in due from other governments related to State monies received by the Board of Developmental Disabilities Fund. Capital Assets, Net of Depreciation increased \$2,009,083 primarily due to the addition of various infrastructure assets, including the Hayport Road Bridge project, which was added to construction in process.

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Total liabilities of the County's governmental activities decreased \$1,333,318. This was primarily because of a decrease in long-term debt due to the debt service payments on the general obligation bonds and the retirement of the State Infrastructure Bank Loan for the Arion Road Bridge Project.

There was an increase in invested in capital assets, net of related debt, for governmental activities of \$3,374,822 primarily due to the addition of various infrastructure assets, including the Hayport Road Bridge project, which was added to construction in process and the retirement of debt related to capital assets. Total governmental activities net assets increased \$2,779,662 primarily due to asset additions, which includes the Hayport Road Bridge project and the Arion Road Bridge project.

The net assets of the County's business-type activities increased \$469,384. The County strives to control operating expenses for business-type activities in order to maintain stability in charges for services.

Table 2 shows the changes in net assets for the years ended December 31, 2008 and 2009.

Table 2
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues						
Program Revenues:						
Charges for Services and Sales	\$6,960,302	\$7,541,526	\$2,842,143	\$2,752,409	\$9,802,445	\$10,293,935
Operating Grants, Contributions, and Interest	26,499,185	28,484,488	0	0	26,499,185	28,484,488
Capital Grants and Contributions	3,754,833	1,354,389	513,707	219,894	4,268,540	1,574,283
Total Program Revenues	<u>37,214,320</u>	<u>37,380,403</u>	<u>3,355,850</u>	<u>2,972,303</u>	<u>40,570,170</u>	<u>40,352,706</u>
General Revenues:						
Property Taxes	5,763,560	6,034,470	0	0	5,763,560	6,034,470
Other Local Taxes	341,209	355,823	0	0	341,209	355,823
Sales Tax	9,172,776	9,227,387	0	0	9,172,776	9,227,387
Revenue in Lieu of Taxes	23,618	50,615	0	0	23,618	50,615
Grants and Entitlements not Restricted to Specific Programs	2,100,507	1,736,264	0	0	2,100,507	1,736,264
Unrestricted Interest Earnings	26,485	362,643	0	1,706	26,485	364,349
Miscellaneous	614,119	1,095,528	4,816	339	618,935	1,095,867
Total General Revenues	<u>18,042,274</u>	<u>18,862,730</u>	<u>4,816</u>	<u>2,045</u>	<u>18,047,090</u>	<u>18,864,775</u>
Total Revenues	<u>\$55,256,594</u>	<u>\$56,243,133</u>	<u>\$3,360,666</u>	<u>\$2,974,348</u>	<u>\$58,617,260</u>	<u>\$59,217,481</u>

(Continued)

SCIOTO COUNTY, OHIO
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Table 2
Changes in Net Assets
(Continued)

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Program Expenses						
General Government:						
Legislative and Executive	\$8,427,219	\$7,782,002	\$0	\$0	\$8,427,219	\$7,782,002
Judicial	2,273,763	2,658,301	0	0	2,273,763	2,658,301
Public Safety:						
Sheriff	5,194,865	5,739,850	0	0	5,194,865	5,739,850
Other	3,057,424	3,311,251	0	0	3,057,424	3,311,251
Public Works	4,492,073	3,356,121	0	0	4,492,073	3,356,121
Health	9,546,632	9,014,633	0	0	9,546,632	9,014,633
Human Services	15,807,291	17,745,742	0	0	15,807,291	17,745,742
Conservation and Recreation	538,333	563,211	0	0	538,333	563,211
Economic Development and Assistance	626,824	821,846	0	0	626,824	821,846
Transportation	887,775	940,499	0	0	887,775	940,499
Interest and Fiscal Charges	798,288	875,433	0	0	798,288	875,433
Sewer	0	0	2,891,282	2,515,137	2,891,282	2,515,137
Total Expenses	<u>51,650,487</u>	<u>52,808,889</u>	<u>2,891,282</u>	<u>2,515,137</u>	<u>54,541,769</u>	<u>55,324,026</u>
Increase in Net Assets	3,606,107	3,434,244	469,384	459,211	4,075,491	3,893,455
Net Assets at Beginning of Year	81,153,459	77,719,215	10,919,178	10,459,967	92,072,637	88,179,182
Net Assets at End of Year	<u>\$84,759,566</u>	<u>\$81,153,459</u>	<u>\$11,388,562</u>	<u>\$10,919,178</u>	<u>\$96,148,128</u>	<u>\$92,072,637</u>

Governmental Activities

Operating grants, contributions, and interest restricted to specific programs is the largest source of revenue for the County. The major recipients of operating grants and contributions were the Public Assistance, Motor Vehicle Gas Tax, Board of Developmental Disabilities, and Children Services Funds. There was a significant increase in Capital Grants and Contributions due to the receipt of grant monies for various infrastructure projects including the receipt of \$1,695,014 for the Hayport Road Bridge project.

Sales tax collected by the County comprised \$9,172,776 of total governmental revenues for 2009. Proceeds of the permissive sales tax are credited to the General Fund.

The County's direct charges to users of governmental services are \$6,960,302 of total governmental revenues for 2009. These charges are for fees for real estate transfers, fees associated with the collection of property taxes, recording fees, sheriff contracts, transportation fees, juvenile detention center contracts, fines and forfeitures related to judicial activity, housing fees for prisoners from other jurisdictions, and licenses and permits. These charges decreased in 2009 by \$581,224. The decrease was primarily due to the closing of the Juvenile Detention Center, which resulted in no revenues being received from other Counties for housing their juvenile defendants, and a decrease in revenue for the leasing of bed space in the jail.

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Human services (including public assistance and children services) programs accounted for \$15,807,291 of total expenses for governmental activities. Human services expenses decreased \$1,938,451 in 2009 due to a substantial reduction in services being offered, mostly by Public Assistance. Health programs (including the Board of DD) made up \$9,546,632 of total expenses. There was an increase of \$531,999 mainly due to increases in various contractual services. Other major program expenses for governmental activities include public safety programs (mainly the sheriff and emergency management departments and the Juvenile Detention Center) which, in total, accounted for \$8,252,289 of total expenses. Public Safety expenses related to the Sheriff's department decreased \$544,985 due to improved budgeting and monitoring of expenses.

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

Business-Type Activities

The net assets for business-type activities increased \$469,384 during 2009. Charges for services were the largest revenue source.

THE COUNTY'S FUNDS

Information about the County's major governmental funds begins on page 14. These funds are reported using the modified accrual basis of accounting. All governmental funds had total revenues of \$54,363,848 and expenditures of \$55,358,178.

The General Fund balance decreased \$99,949 in 2009. This decrease is mostly related to transfers to the debt service fund which are used to make debt payments.

The Public Assistance Fund balance decreased \$482,556, which is the result of a significant decrease in revenue received from State programs. The reduction in State funding led to reductions in services which resulted in reduced expenditures.

The Motor Vehicle Gas Tax Fund balance increased \$305,866. The increase was the result of cash receipts exceeding cash expenditures. The ending fund balance was \$2,623,857.

The Board of Developmental Disabilities Fund balance increased \$356,087. The increase was the result of cash receipts exceeding cash expenditures. The ending fund balance was \$5,364,737.

The Children Services Fund expenditures exceeded revenues by \$26,770. The ending fund balance was \$1,124,368.

The Sewer Fund reflects operating income of \$328,000 for 2009. Charges for services for sewer utilities have historically been established to ensure that, on a cash basis, fees are adequate to cover operations. The County Commissioners have set fees with the intention of funding operating costs and debt service.

SCIOTO COUNTY, OHIO
Management's Discussion and Analysis
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General Fund Budgeting Highlights

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

During 2009, the County amended its General Fund budget as needed. The most significant variance from original budget revenue amounts to the final budget revenue amounts was in interest. This was the result of a decline in interest rates which caused a decrease in interest earned from the previous year. The original budget had been based on actual revenue in 2008. Sales tax revenue also had a significant variance due to the County receiving more in sales tax revenue than anticipated.

The most significant variance from original budget expenditure amounts to the final budget expenditure amounts was in legislative and executive expenditures. This was due to several unanticipated expenditures that occurred during the year. The variance from final budget expenditure amounts to actual amounts was not significant.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The additions to depreciable assets of \$3,637,778, as well as \$1,878,349 in construction in progress, in the governmental activities were mostly the result of the County adding land improvements, building improvements, roads, bridges, and other infrastructure assets and the purchasing of equipment and vehicles during 2009.

The additions to depreciable assets of \$330,792, as well as \$622,024 in construction in progress, in the business-type activities were mostly the result of renovations to several sewer pump stations and construction on the Minford Sewer Line Extension project. See Note 9 of the notes to the basic financial statements for more detailed capital assets information.

Debt

At December 31, 2009, Scioto County had \$14,369,355 in long-term debt outstanding in governmental activities which included several bond issues, loans and capital leases. There were no new bond issues or loans during 2009 for governmental activities but there were new capital leases for vehicles and copiers. The amount of long-term debt in the business-type activities was \$7,539,742 which consisted of bond issues, loans through the Ohio Public Works Commission (OPWC) and the Ohio Water Development Authority (OWDA). During 2009, there were new loans issued through both the OPWC and the OWDA. The County's long-term obligations also included compensated absences for governmental and business-type activities.

At December 31, 2009, the County had short-term debt in the amount of \$355,766 in bond anticipation notes.

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The County's stated legal debt margin was \$18,894,117 at December 31, 2009, with an unvoted debt margin of \$7,027,698 at December 31, 2009.

See Notes 14, 15 and 16 of the notes to the basic financial statements for more detailed information.

CURRENT ISSUES

The Auditor of State declared Scioto County to be in fiscal emergency on August 19, 2009. Since that time, the Local Government Services division of the Auditor of State has been assisting the County in its fiscal recovery efforts. In accordance with Chapter 118 of the Ohio Revised Code, a seven member Financial Supervision and Planning Commission was established to ensure that the County develops and operates within the constraints of a workable fiscal recovery plan. The County's initial fiscal recovery plan was approved by the Financial Supervision and Planning Commission in April of 2010. The plan calls for reducing the County's General Fund deficit by \$500,000 in 2010.

The County has experienced declines in some revenue sources, such as interest income and state-disbursed local government funds, in recent years. However, some of the County's other significant revenue sources have increased in 2010. Through October 2010, permissive sales tax has increased by approximately \$892,000 from the same period in 2009. Contract housing revenue, derived from the leasing of beds at the County jail, has increased as well. Contract housing revenue through October 2010 has surpassed total 2009 revenue by approximately \$369,000. In the absence of decreases in other revenue sources, the increased revenue from permissive sales tax and contract housing should facilitate the County's fiscal recovery.

CONTACTING THE COUNTY AUDITOR'S OFFICE

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

SCIOTO COUNTY, OHIO
Statement of Net Assets
December 31, 2009

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	STAR, Inc.	Scioto County Airport Authority
<u>Assets:</u>					
Equity in Pooled Cash and Cash Equivalents	\$10,838,054	\$435,292	\$11,273,346	\$199,706	\$156,580
Cash and Cash Equivalents in Segregated Accounts	107,504	270,018	377,522	0	0
Cash and Cash Equivalents with Escrow Agent	17,876	0	17,876	0	0
Cash and Cash Equivalents with Trustee	265,601	61,720	327,321	0	0
Investments with Escrow Agent	13,885	0	13,885	0	0
Materials and Supplies Inventory	330,369	5,304	335,673	696	0
Accounts Receivable	35,495	1,554,625	1,590,120	24,944	213
Prepaid Items	227,920	7,960	235,880	0	627
Sales Tax Receivable	2,603,345	0	2,603,345	0	0
Property Taxes Receivable	6,787,385	0	6,787,385	0	0
Revenue in Lieu of Taxes Receivable	20,762	0	20,762	0	0
Due from Other Governments	8,214,601	254,202	8,468,803	0	23,373
Due from Component Unit	55,000	0	55,000	0	0
Loans Receivable	538,559	0	538,559	0	0
Deferred Charges	205,673	43,434	249,107	0	0
Investment in Joint Venture	140,292	0	140,292	0	0
Capital Assets:					
Land and Construction in Progress	5,522,416	657,344	6,179,760	0	525,697
Depreciable Capital Assets, Net	75,121,135	16,126,196	91,247,331	41,852	1,884,056
Total Assets	111,045,872	19,416,095	130,461,967	267,198	2,590,546
<u>Liabilities:</u>					
Accounts Payable	704,261	37,832	742,093	6,300	7,685
Contracts Payable	136,805	181,488	318,293	0	75,140
Accrued Wages and Benefits Payable	1,150,355	21,006	1,171,361	11,214	0
Due to Other Governments	1,193,119	50,978	1,244,097	0	0
Accrued Interest Payable	59,473	115,599	175,072	0	0
Matured Compensated Absences Payable	9,373	0	9,373	0	0
Retainage Payable	65,670	0	65,670	0	4,000
Due to Component Unit	22,832	0	22,832	0	0
Deferred Revenue	6,313,126	0	6,313,126	0	0
Notes Payable	355,766	0	355,766	0	0
Long-Term Liabilities:					
Due Within One Year	2,608,788	378,577	2,987,365	4,053	55,000
Due in More Than One Year	13,666,738	7,242,053	20,908,791	0	0
Total Liabilities	26,286,306	8,027,533	34,313,839	21,567	141,825
<u>Net Assets:</u>					
Invested in Capital Assets, Net of Related Debt	68,590,428	9,287,232	77,877,660	37,799	2,354,753
Restricted for:					
Debt Service	788,134	0	788,134	0	0
Capital Projects	390,113	0	390,113	0	0
Public Safety	1,724,679	0	1,724,679	0	0
Human Services	2,528,554	0	2,528,554	0	0
Public Works	4,008,993	0	4,008,993	0	0
Health	6,731,641	0	6,731,641	0	0
Community and Economic Development	1,407,558	0	1,407,558	0	0
Transportation	66,314	0	66,314	0	0
Judicial	560,651	0	560,651	0	0
Other Purposes	904,363	0	904,363	0	0
Unrestricted (Deficit)	(2,941,862)	2,101,330	(840,532)	207,832	93,968
Total Net Assets	\$84,759,566	\$11,388,562	\$96,148,128	\$245,631	\$2,448,721

See Accompanying Notes to the Basic Financial Statements

SCIOTO COUNTY, OHIO
Statement of Activities
For the Year Ended December 31, 2009

	Program Revenues			
Expenses	Charges for Services and Sales	Operating Grants, Contributions, and Interest	Capital Grants and Contributions	
<u>Governmental Activities:</u>				
General Government:				
Legislative and Executive	\$8,427,219	\$1,885,294	\$8,187	\$0
Judicial	2,273,763	1,185,499	331,116	0
Public Safety:				
Sheriff	5,194,865	2,211,543	280,141	0
Other	3,057,424	799,233	974,032	0
Public Works	4,492,073	63,240	4,517,744	287,286
Health	9,546,632	210,693	5,355,545	0
Human Services	15,807,291	232,413	13,874,105	0
Conservation and Recreation	538,333	8,128	90,554	9,305
Economic Development and Assistance	626,824	74,700	593,500	282,103
Transportation	887,775	289,559	474,261	3,176,139
Interest and Fiscal Charges	798,288	0	0	0
<i>Total Governmental Activities</i>	51,650,487	6,960,302	26,499,185	3,754,833
<u>Business-Type Activity:</u>				
Sewer	2,891,282	2,842,143	0	513,707
<i>Total Primary Government</i>	\$54,541,769	\$9,802,445	\$26,499,185	\$4,268,540
<u>Component Units:</u>				
STAR, Inc.	\$575,853	\$455,543	\$140,894	\$0
Scioto County Airport Authority	166,155	89,648	0	106,278
<i>Total Component Unit Activities</i>	\$742,008	\$545,191	\$140,894	\$106,278

General Revenues:

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

Total General Revenues

Change in Net Assets

Net Assets at Beginning of Year - (Restated - See Note 25)

Net Assets at End of Year

See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue and Changes in Net Assets

Primary Government			Component Units		
Governmental Activities	Business-Type Activity	Total	STAR, Inc.	Scioto County Airport Authority	
(\$6,533,738)	\$0	(\$6,533,738)	\$0		\$0
(757,148)	0	(757,148)	0		0
(2,703,181)	0	(2,703,181)	0		0
(1,284,159)	0	(1,284,159)	0		0
376,197	0	376,197	0		0
(3,980,394)	0	(3,980,394)	0		0
(1,700,773)	0	(1,700,773)	0		0
(430,346)	0	(430,346)	0		0
323,479	0	323,479	0		0
3,052,184	0	3,052,184	0		0
(798,288)	0	(798,288)	0		0
(14,436,167)	0	(14,436,167)	0		0
0	464,568	464,568	0		0
(14,436,167)	464,568	(13,971,599)	0		0
0	0	0	20,584		0
0	0	0	0		29,771
0	0	0	20,584		29,771
1,588,615	0	1,588,615	0		0
3,373,330	0	3,373,330	0		0
713,732	0	713,732	0		0
87,883	0	87,883	0		0
341,209	0	341,209	0		0
9,172,776	0	9,172,776	0		0
23,618	0	23,618	0		0
2,100,507	0	2,100,507	0		0
26,485	0	26,485	69		0
614,119	4,816	618,935	2,247		64,594
18,042,274	4,816	18,047,090	2,316		64,594
3,606,107	469,384	4,075,491	22,900		94,365
81,153,459	10,919,178	92,072,637	222,731		2,354,356
\$84,759,566	\$11,388,562	\$96,148,128	\$245,631		\$2,448,721

SCIOTO COUNTY, OHIO

Balance Sheet
Governmental Funds
December 31, 2009

	General	Public Assistance	Motor Vehicle Gas Tax
	<u> </u>	<u> </u>	<u> </u>
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$0	\$665,537	\$1,573,431
Cash and Cash Equivalents in			
Segregated Accounts	13,234	7,351	350
Cash and Cash Equivalents with Trustee	0	0	0
Receivables:			
Sales Tax	2,603,345	0	0
Property Taxes	1,869,130	0	0
Accounts	8,970	0	1,249
Interfund	55,438	67,767	154,600
Revenue in Lieu of Taxes	0	0	0
Due from Other Governments	934,467	513,544	2,409,893
Prepaid Items	72,284	120,850	15,633
Materials and Supplies Inventory	10,354	13,493	304,022
Due from Component Unit	55,000	0	0
Loans Receivable	0	0	0
Restricted Assets:			
Cash and Cash Equivalents with Escrow Agent	0	0	0
Investments with Escrow Agent	0	0	0
Equity in Pooled Cash and Cash Equivalents	268,243	0	0
	<u> </u>	<u> </u>	<u> </u>
<i>Total Assets</i>	<u>\$5,890,465</u>	<u>\$1,388,542</u>	<u>\$4,459,178</u>
<u>Liabilities and Fund Balances:</u>			
<u>Liabilities:</u>			
Accounts Payable	\$177,792	\$241,185	\$40,033
Contracts Payable	0	0	10,434
Accrued Wages and Benefits Payable	588,996	157,526	111,871
Due to Other Governments	391,725	217,427	83,431
Interfund Payable	2,563,346	93,217	0
Retainage Payable	0	0	0
Retainage Payable from Restricted Assets	0	0	0
Due to Component Unit	0	0	0
Accrued Interest Payable	1,531	0	0
Matured Compensated Absences Payable	5,686	0	0
Deferred Revenue	3,481,589	0	1,589,552
Notes Payable	80,000	0	0
	<u> </u>	<u> </u>	<u> </u>
<i>Total Liabilities</i>	<u>7,290,665</u>	<u>709,355</u>	<u>1,835,321</u>
<u>Fund Balances:</u>			
Reserved for Encumbrances	169,091	171,271	64,358
Reserved for Unclaimed Monies	268,243	0	0
Reserved for Loans Receivable	0	0	0
Unreserved, (Deficit) Undesignated Reported in:			
General Fund	(1,837,534)	0	0
Special Revenue Funds	0	507,916	2,559,499
Debt Service Fund	0	0	0
Capital Projects Funds	0	0	0
	<u> </u>	<u> </u>	<u> </u>
<i>Total Fund Balances (Deficit)</i>	<u>(1,400,200)</u>	<u>679,187</u>	<u>2,623,857</u>
	<u> </u>	<u> </u>	<u> </u>
<i>Total Liabilities and Fund Balances</i>	<u>\$5,890,465</u>	<u>\$1,388,542</u>	<u>\$4,459,178</u>

See Accompanying Notes to the Basic Financial Statements

Board of Developmental Disabilities	Children Services	Nonmajor Governmental Funds	Total
\$2,346,915	\$1,119,584	\$4,864,344	\$10,569,811
0	0	86,569	107,504
0	0	265,601	265,601
0	0	0	2,603,345
3,975,122	842,379	100,754	6,787,385
7,992	0	17,284	35,495
2,863,298	0	569,060	3,710,163
15,148	3,814	1,800	20,762
1,645,578	438,362	2,272,757	8,214,601
11,142	4,121	3,890	227,920
2,500	0	0	330,369
0	0	0	55,000
0	0	538,559	538,559
0	0	17,876	17,876
9,902	3,983	0	13,885
0	0	0	268,243
<u>\$10,877,597</u>	<u>\$2,412,243</u>	<u>\$8,738,494</u>	<u>\$33,766,519</u>

\$49,606	\$77,605	\$118,040	\$704,261
29,015	0	97,356	136,805
121,747	54,323	115,892	1,150,355
216,381	54,231	229,924	1,193,119
0	0	1,053,600	3,710,163
0	0	47,794	47,794
0	0	17,876	17,876
22,832	0	0	22,832
0	0	485	2,016
3,687	0	0	9,373
5,069,592	1,101,716	1,936,151	13,178,600
0	0	275,766	355,766
<u>5,512,860</u>	<u>1,287,875</u>	<u>3,892,884</u>	<u>20,528,960</u>

173,268	20,835	111,029	709,852
0	0	0	268,243
0	0	510,439	510,439
0	0	0	(1,837,534)
5,191,469	1,103,533	3,066,494	12,428,911
0	0	834,520	834,520
0	0	323,128	323,128
<u>5,364,737</u>	<u>1,124,368</u>	<u>4,845,610</u>	<u>13,237,559</u>
<u>\$10,877,597</u>	<u>\$2,412,243</u>	<u>\$8,738,494</u>	<u>\$33,766,519</u>

SCIOTO COUNTY, OHIO
 Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 December 31, 2009

Total Governmental Fund Balances \$13,237,559

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

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

Land	1,866,742	
Construction in progress	3,655,674	
Depreciable capital assets	112,202,174	
Accumulated depreciation	<u>(37,081,039)</u>	
Total capital assets		80,643,551

The County also has an investment interest in joint venture assets, which is part of the County's overall governmental activities. 140,292

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

Delinquent property taxes	947,165	
Sales tax	982,830	
Revenue in lieu of taxes	20,762	
Intergovernmental	4,747,865	
Charges for Services	108,467	
Miscellaneous	<u>58,385</u>	
Total revenues		6,865,474

Bond issuance costs reported as an expenditure in governmental funds are allocated as an expense over the life of the debt on a full accrual basis. 205,673

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (45,923)

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

Bonds payable	(11,149,073)	
Notes payable	(587,000)	
Loans payable	(35,144)	
Accrued Interest Payable	(11,534)	
Capital leases payable	(2,598,138)	
Compensated absences	<u>(1,906,171)</u>	
Total liabilities		<u>(16,287,060)</u>

Net Assets of Governmental Activities \$84,759,566

See Accompanying Notes to the Basic Financial Statements

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SCIOTO COUNTY, OHIO
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2009

	General	Public Assistance	Motor Vehicle Gas Tax
<u>Revenues:</u>			
Property Taxes	\$1,549,046	\$0	\$0
Other Local Taxes	341,209	0	0
Sales Tax	9,176,979	0	0
Revenue in Lieu of Taxes	951	0	0
Charges for Services	1,783,733	24,554	45,921
Licenses and Permits	3,459	0	0
Fines and Forfeitures	140,030	0	17,319
Intergovernmental	1,735,524	10,487,360	4,572,136
Interest	23,590	0	2,398
Rent	3,071	0	0
Contributions and Donations	0	0	287,286
Miscellaneous	190,395	82,347	19,956
Total Revenues	14,947,987	10,594,261	4,945,016
<u>Expenditures:</u>			
Current:			
General Government:			
Legislative and Executive	7,112,202	0	0
Judicial	1,727,736	0	0
Public Safety:			
Sheriff	2,968,911	0	0
Other	566,458	0	0
Public Works	0	0	3,711,934
Health	348,772	0	0
Human Services	393,136	11,342,931	0
Conservation and Recreation	234,724	0	0
Economic Development and Assistance	92,031	0	0
Transportation	0	0	0
Capital Outlay	11,500	0	638,543
Debt Service:			
Principal Retirement	167,812	39,465	288,368
Interest and Fiscal Charges	49,931	16,083	305
Total Expenditures	13,673,213	11,398,479	4,639,150
Excess of Revenues Over (Under) Expenditures	1,274,774	(804,218)	305,866
<u>Other Financing Sources (Uses):</u>			
Bond Anticipation Notes Issued	187,000	0	0
Inception of Capital Lease	0	0	0
Transfers In	8,529	321,662	0
Transfers Out	(1,570,252)	0	0
Total Other Financing Sources (Uses)	(1,374,723)	321,662	0
Net Change in Fund Balances	(99,949)	(482,556)	305,866
Fund Balances (Deficit) at Beginning of Year	(1,300,251)	1,161,743	2,317,991
Fund Balances (Deficit) at End of Year	(\$1,400,200)	\$679,187	\$2,623,857

See Accompanying Notes to the Basic Financial Statements

Board of Developmental Disabilities	Children Services	Nonmajor Governmental Funds	Total
\$3,288,003	\$695,502	\$86,028	\$5,618,579
0	0	0	341,209
0	0	0	9,176,979
35,531	9,462	1,774	47,718
153,836	0	3,957,025	5,965,069
0	0	61,762	65,221
0	0	342,512	499,861
5,655,131	2,099,028	5,112,225	29,661,404
174	0	323	26,485
0	0	318,613	321,684
8,959	8,354	1,695,699	2,000,298
134,996	2,004	209,643	639,341
<u>9,276,630</u>	<u>2,814,350</u>	<u>11,785,604</u>	<u>54,363,848</u>
0	0	1,044,382	8,156,584
0	0	495,275	2,223,011
0	0	2,058,724	5,027,635
0	0	2,254,097	2,820,555
0	0	0	3,711,934
8,768,114	0	328,930	9,445,816
0	2,783,814	1,135,331	15,655,212
0	0	74,404	309,128
0	0	532,558	624,589
0	0	811,335	811,335
29,015	0	3,445,405	4,124,463
129,139	38,840	1,032,794	1,696,418
19,481	18,466	647,232	751,498
<u>8,945,749</u>	<u>2,841,120</u>	<u>13,860,467</u>	<u>55,358,178</u>
<u>330,881</u>	<u>(26,770)</u>	<u>(2,074,863)</u>	<u>(994,330)</u>
0	0	400,000	587,000
25,206	0	224,847	250,053
0	0	1,317,335	1,647,526
0	0	(77,274)	(1,647,526)
<u>25,206</u>	<u>0</u>	<u>1,864,908</u>	<u>837,053</u>
356,087	(26,770)	(209,955)	(157,277)
<u>5,008,650</u>	<u>1,151,138</u>	<u>5,055,565</u>	<u>13,394,836</u>
<u>\$5,364,737</u>	<u>\$1,124,368</u>	<u>\$4,845,610</u>	<u>\$13,237,559</u>

SCIOTO COUNTY, OHIO
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Year Ended December 31, 2009

Net Change in Fund Balances - Total Governmental Funds (\$157,277)

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

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

Capital assets additions	3,440,139	
Construction in progress additions	1,878,349	
Depreciation expense	<u>(3,163,982)</u>	
Excess of capital outlay over depreciation expense		2,154,506

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

Loss on disposal of capital assets		(145,423)
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Because some revenues will not be collected for several months after the County's year ends, they are not considered "available" revenues and are deferred in the governmental funds.

Delinquent property taxes	144,981	
Sales tax	(4,203)	
Revenue in lieu of taxes	(24,100)	
Intergovernmental	683,518	
Charges for Services	108,467	
Miscellaneous	<u>(25,222)</u>	
Total revenues		883,441

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

		9,305
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The issuance of long-term debt provides current financial resources to governmental funds, but in the Statement of Net Assets, the debt is reported as a liability.

Proceeds of bond anticipation notes		(587,000)
-------------------------------------	--	-----------

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

		(250,053)
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Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. In the current year, these amounts consist of:

Loan principal payments	298,870	
Bond principal payments	858,607	
Capital lease payments	<u>538,941</u>	
Total long-term debt repayments		1,696,418

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

Decrease in compensated absences payable		48,980
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Amortization of bond issuance costs, bond premiums, the deferred loss on the refunding of debt, as well as accrued interest payable on the bonds are not reported in the funds, but is allocated as an expense over the life of the debt in the Statement of Activities.

Decrease in accrued interest	(8,476)	
Amortization of premium on general obligation bonds	205	
Amortization of bond issuance costs	(14,752)	
Amortization of loss on refunding	<u>(23,767)</u>	
		<u>(46,790)</u>

Change in Net Assets of Governmental Activities \$3,606,107

See Accompanying Notes to the Basic Financial Statements

SCIOTO COUNTY, OHIO
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2009

	<u>Budgeted Amounts</u>		<i>Actual</i>	<i>Variance Positive (Negative)</i>
	<i>Original</i>	<i>Final</i>		
<u>Revenues:</u>				
Property Taxes	\$1,570,000	\$1,570,000	\$1,550,557	(\$19,443)
Other Local Taxes	375,000	375,000	341,209	(33,791)
Sales Tax	8,750,000	8,750,000	8,983,647	233,647
Revenue in Lieu of Taxes	600	600	951	351
Charges for Services	1,808,200	1,808,200	1,866,192	57,992
Licenses and Permits	5,000	5,000	3,459	(1,541)
Fines and Forfeitures	128,500	128,500	139,274	10,774
Intergovernmental	1,761,700	1,761,700	1,810,051	48,351
Interest	400,000	138,012	24,732	(113,280)
Rent	2,000	2,000	3,071	1,071
Miscellaneous	109,000	140,166	191,965	51,799
Total Revenues	14,910,000	14,679,178	14,915,108	235,930
<u>Expenditures:</u>				
Current:				
General Government:				
Legislative and Executive	6,029,528	6,913,815	7,010,715	(96,900)
Judicial	1,751,247	1,770,625	1,769,139	1,486
Public Safety:				
Sheriff	3,152,457	3,118,526	3,117,831	695
Other	529,942	521,477	520,417	1,060
Health	348,633	348,688	348,688	0
Human Services	454,696	417,463	416,845	618
Conservation and Recreation	214,780	172,193	171,967	226
Economic Development and Assistance	97,132	93,093	92,909	184
Capital Outlay	50,000	11,500	11,500	0
Debt Service:				
Principal Retirement	53,608	53,607	53,607	0
Interest and Fiscal Charges	14,603	14,408	14,320	88
Total Expenditures	12,696,626	13,435,395	13,527,938	(92,543)
Excess of Revenues Over Expenditures	2,213,374	1,243,783	1,387,170	143,387
<u>Other Financing Sources (Uses):</u>				
Advances In	0	0	15,000	15,000
Advances Out	0	0	(25,000)	(25,000)
Transfers In	268,211	236,850	8,529	(228,321)
Transfers Out	(2,706,987)	(1,706,035)	(1,644,186)	61,849
Total Other Financing Sources (Uses)	(2,438,776)	(1,469,185)	(1,645,657)	(176,472)
Net Change in Fund Balance	(225,402)	(225,402)	(258,487)	(33,085)
Fund Balance (Deficit) at Beginning of Year	(2,061,643)	(2,061,643)	(2,061,643)	0
Prior Year Encumbrances Appropriated	225,403	225,403	225,403	0
Fund Balance (Deficit) at End of Year	(\$2,061,642)	(\$2,061,642)	(\$2,094,727)	(\$33,085)

See Accompanying Notes to the Basic Financial Statements

SCIOTO COUNTY, OHIO
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Budget Basis)
Public Assistance Special Revenue Fund
For the Year Ended December 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues:</u>				
Intergovernmental	\$16,951,987	\$11,232,193	\$11,183,184	(\$49,009)
Miscellaneous	0	0	82,347	82,347
<i>Total Revenues</i>	16,951,987	11,232,193	11,265,531	33,338
<u>Expenditures:</u>				
Current:				
Human Services	16,839,517	12,148,394	11,929,125	219,269
Excess of Revenues Over (Under) Expenditures	112,470	(916,201)	(663,594)	252,607
<u>Other Financing Sources:</u>				
Transfers In	355,000	355,000	321,662	(33,338)
<i>Net Change in Fund Balance</i>	467,470	(561,201)	(341,932)	219,269
<i>Fund Balance at Beginning of Year</i>	264,762	264,762	264,762	0
<i>Prior Year Encumbrances Appropriated</i>	296,439	296,439	296,439	0
<i>Fund Balance at End of Year</i>	<u>\$1,028,671</u>	<u>\$0</u>	<u>\$219,269</u>	<u>\$219,269</u>

See Accompanying Notes to the Basic Financial Statements

SCIOTO COUNTY, OHIO
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Budget Basis)
Motor Vehicle Gas Tax Special Revenue Fund
For the Year Ended December 31, 2009

	<u>Budgeted Amounts</u>		<i>Actual</i>	<i>Variance Positive (Negative)</i>
	<i>Original</i>	<i>Final</i>		
<u>Revenues:</u>				
Charges for Services	\$58,395	\$11,359	\$45,045	\$33,686
Fines and Forfeitures	20,500	20,500	17,127	(3,373)
Intergovernmental	4,815,000	4,478,545	4,481,235	2,690
Interest	25,000	25,000	2,476	(22,524)
Miscellaneous	10,080	10,080	9,601	(479)
<i>Total Revenues</i>	<u>4,928,975</u>	<u>4,545,484</u>	<u>4,555,484</u>	<u>10,000</u>
<u>Expenditures:</u>				
Current:				
Public Works	6,144,608	5,277,143	3,832,504	1,444,639
Capital Outlay	0	638,543	638,543	0
<i>Total Expenditures</i>	<u>6,144,608</u>	<u>5,915,686</u>	<u>4,471,047</u>	<u>1,444,639</u>
Excess of Revenues Over (Under) Expenditures	(1,215,633)	(1,370,202)	84,437	1,454,639
<u>Other Financing Sources:</u>				
Transfers In	10,000	10,000	0	(10,000)
<i>Net Change in Fund Balance</i>	(1,205,633)	(1,360,202)	84,437	1,444,639
<i>Fund Balance at Beginning of Year</i>	1,172,972	1,172,972	1,172,972	0
<i>Prior Year Encumbrances Appropriated</i>	<u>201,028</u>	<u>201,028</u>	<u>201,028</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$168,367</u>	<u>\$13,798</u>	<u>\$1,458,437</u>	<u>\$1,444,639</u>

See Accompanying Notes to the Basic Financial Statements

SCIOTO COUNTY, OHIO
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Budget Basis)
Board of Developmental Disabilities Special Revenue Fund
For the Year Ended December 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<i>Variance Positive (Negative)</i>
	<u>Original</u>	<u>Final</u>		
<u>Revenues:</u>				
Property Taxes	\$3,841,826	\$3,841,826	\$3,290,474	(\$551,352)
Revenue in Lieu of Taxes	35,374	35,374	35,531	157
Charges for Services	54,080	54,080	150,792	96,712
Intergovernmental	3,558,348	3,595,728	5,503,234	1,907,506
Interest	900	900	203	(697)
Contributions and Donations	10,000	10,000	8,959	(1,041)
Miscellaneous	97,016	97,016	133,992	36,976
<i>Total Revenues</i>	<u>7,597,544</u>	<u>7,634,924</u>	<u>9,123,185</u>	<u>1,488,261</u>
<u>Expenditures:</u>				
Current:				
Health	8,390,439	9,917,745	9,122,109	795,636
Debt Service:				
Principal Retirement	0	7,542	7,542	0
Interest and Fiscal Charges	0	1,002	1,002	0
<i>Total Expenditures</i>	<u>8,390,439</u>	<u>9,926,289</u>	<u>9,130,653</u>	<u>795,636</u>
<i>Net Change in Fund Balance</i>	(792,895)	(2,291,365)	(7,468)	2,283,897
<i>Fund Balance at Beginning of Year</i>	4,746,918	4,746,918	4,746,918	0
<i>Prior Year Encumbrances Appropriated</i>	<u>93,260</u>	<u>93,260</u>	<u>93,260</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$4,047,283</u></u>	<u><u>\$2,548,813</u></u>	<u><u>\$4,832,710</u></u>	<u><u>\$2,283,897</u></u>

See Accompanying Notes to the Basic Financial Statements

SCIOTO COUNTY, OHIO
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Budget Basis)
Children Services Special Revenue Fund
For the Year Ended December 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<i>Variance Positive (Negative)</i>
	<i>Original</i>	<i>Final</i>		
<u>Revenues:</u>				
Property Taxes	\$770,493	\$770,493	\$696,029	(\$74,464)
Revenue in Lieu of Taxes	9,432	9,432	9,462	30
Intergovernmental	1,727,285	1,727,285	2,105,024	377,739
Contributions and Donations	8,000	8,000	8,354	354
Miscellaneous	<u>253,537</u>	<u>253,537</u>	<u>2,004</u>	<u>(251,533)</u>
<i>Total Revenues</i>	2,768,747	2,768,747	2,820,873	52,126
<u>Expenditures:</u>				
Current:				
Human Services	<u>3,749,685</u>	<u>3,749,685</u>	<u>2,875,305</u>	<u>874,380</u>
<i>Net Change in Fund Balance</i>	(980,938)	(980,938)	(54,432)	926,506
<i>Fund Balance at Beginning of Year</i>	1,033,075	1,033,075	1,033,075	0
<i>Prior Year Encumbrances Appropriated</i>	<u>66,500</u>	<u>66,500</u>	<u>66,500</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$118,637</u></u>	<u><u>\$118,637</u></u>	<u><u>\$1,045,143</u></u>	<u><u>\$926,506</u></u>

See Accompanying Notes to the Basic Financial Statements

SCIOTO COUNTY, OHIO
Statement of Fund Net Assets
Enterprise Fund
December 31, 2009

	<i>Sewer Fund</i>
<u>Assets:</u>	
<u>Current Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$435,292
Cash and Cash Equivalents in Segregated Accounts	270,018
Cash and Cash Equivalents with Trustee	61,720
Materials and Supplies Inventory	5,304
Accounts Receivable	1,554,625
Due from Other Governments	254,202
Prepaid Items	7,960
<i>Total Current Assets</i>	2,589,121
<u>Non-Current Assets:</u>	
Deferred Charges	43,434
Capital Assets:	
Land	18,480
Construction in Progress	638,864
Depreciable Capital Assets, Net	16,126,196
<i>Total Non-Current Assets</i>	16,826,974
<i>Total Assets</i>	19,416,095
<u>Liabilities:</u>	
<u>Current Liabilities:</u>	
Accounts Payable	37,832
Contracts Payable	181,488
Accrued Wages and Benefits Payable	21,006
Due to Other Governments	50,978
Accrued Interest Payable	115,599
General Obligation Bonds Payable	191,438
Mortgage Revenue Bonds Payable	35,000
Farmer's Home Administration Bonds Payable	57,950
Ohio Public Works Commission Loans Payable	42,694
Compensated Absences Payable	51,495
<i>Total Current Liabilities</i>	785,480
<u>Long-Term Liabilities (Net of Current Portion):</u>	
General Obligation Bonds Payable	3,374,050
Farmer's Home Administration Bonds Payable	2,887,765
Ohio Public Works Commission Loans Payable	741,326
Ohio Water Development Authority	209,519
Compensated Absences Payable	29,393
<i>Total Long-Term Liabilities</i>	7,242,053
<i>Total Liabilities</i>	8,027,533
<u>Net Assets:</u>	
Invested in Capital Assets, Net of Related Debt	9,287,232
Unrestricted	2,101,330
<i>Total Net Assets</i>	\$11,388,562

See Accompanying Notes to the Basic Financial Statements

SCIOTO COUNTY, OHIO
Statement of Revenues, Expenses
and Changes in Fund Net Assets
Enterprise Fund
For the Year Ended December 31, 2009

	<i>Sewer Fund</i>
<u>Operating Revenues:</u>	
Charges for Services	\$2,842,143
Other Operating Revenues	1,090
	2,843,233
<i>Total Operating Revenues</i>	<i>2,843,233</i>
<u>Operating Expenses:</u>	
Personal Services	667,460
Fringe Benefits	416,441
Contractual Services	803,508
Materials and Supplies	226,764
Depreciation	391,111
Other	9,949
	2,515,233
<i>Total Operating Expenses</i>	<i>2,515,233</i>
Operating Income	328,000
<u>Non-Operating Revenues (Expenses):</u>	
Interest and Fiscal Charges	(373,549)
Other Non-Operating Revenues	3,726
Other Non-Operating Expenses	(2,500)
	(372,323)
<i>Total Non-Operating Revenues (Expenses)</i>	<i>(372,323)</i>
Loss Before Capital Grants	(44,323)
Capital Grants	513,707
<i>Net Income</i>	<i>469,384</i>
<i>Net Assets At Beginning of Year</i>	<i>10,919,178</i>
<i>Net Assets At End of Year</i>	<i>\$11,388,562</i>

See Accompanying Notes to the Basic Financial Statements

SCIOTO COUNTY, OHIO
Statement of Cash Flows
Enterprise Fund
For the Year Ended December 31, 2009

	<i>Sewer Fund</i>
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>	
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Charges for Services	\$2,662,949
Cash Received from Other Operating Sources	1,090
Cash Payments to Suppliers for Goods and Services	(1,010,753)
Cash Payments to Employees for Services	(656,181)
Cash Payments for Employee Benefits	(416,441)
Cash Payments for Other Operating Expenses	(9,949)
	570,715
<u>Net Cash Provided by Operating Activities</u>	
<u>Cash Flows from Capital and Related Financing Activities:</u>	
Proceeds of Loan	374,519
Capital Grants Received	259,543
Acquisition of Capital Assets	(771,328)
Principal Paid on Bonds and Loans	(309,022)
Interest Paid on Bonds and Loans	(357,085)
Other Non-Operating Expenses	(2,500)
	(805,873)
<u>Net Cash Used for Capital and Related Financing Activities</u>	
<u>Net Decrease in Cash and Cash Equivalents</u>	
	(235,158)
<u>Cash and Cash Equivalents at Beginning of Year</u>	
	1,002,188
<u>Cash and Cash Equivalents at End of Year</u>	
	\$767,030
<u>Reconciliation of Operating Income to Net</u>	
<u>Cash Provided by Operating Activities:</u>	
Operating Income	\$328,000
<u>Adjustments to Reconcile Operating Income</u>	
<u>to Net Cash Provided by Operating Activities</u>	
Depreciation	391,111
Increase in Accounts Receivable	(179,156)
Decrease in Prepaid Items	776
Decrease in Materials and Supplies Inventory	628
Increase in Accounts Payable	19,202
Increase in Compensated Absences Payable	3,798
Increase in Due to Other Governments	3,777
Increase in Accrued Wages and Benefits Payable	2,579
	242,715
<u>Total Adjustments</u>	
	\$570,715
<u>Net Cash Provided by Operating Activities</u>	

See Accompanying Notes to the Basic Financial Statements

SCIOTO COUNTY, OHIO
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2009

Assets:

Equity in Pooled Cash and Cash Equivalents	\$3,682,321
Cash and Cash Equivalents in Segregated Accounts	507,093
Receivables:	
Property Taxes	37,602,484
Accounts	1,003,466
Revenue in Lieu of Taxes	169,930
Due from Other Governments	2,967,517
 <i>Total Assets</i>	 \$45,932,811

Liabilities:

Current Liabilities:

Due to Other Governments	\$41,758,397
Undistributed Monies	4,174,414
 <i>Total Liabilities</i>	 \$45,932,811

See Accompanying Notes to the Basic Financial Statements

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NOTE 1 - DESCRIPTION OF THE COUNTY AND REPORTING ENTITY

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

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

REPORTING ENTITY

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the County consists of all funds, departments, boards and agencies that are not legally separate from the County. For the County, this includes the Children Services Board, the Scioto County Board of Developmental Disabilities, and all departments and activities that are directly operated by the elected County officials.

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

DISCRETELY PRESENTED COMPONENT UNITS

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

STAR, Inc.

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

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

The Scioto County Board of 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 Scioto County, the workshop is presented as a component unit of Scioto County. STAR, Inc. operates on a calendar year ending December 31. Separately issued financial statements can be obtained from STAR, Inc., located at 2625 Gallia Street, Portsmouth, Ohio 45662.

Scioto County Airport Authority

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

The information presented in Notes 2 through 26 relates to the primary government. Information related to the discretely presented component units is presented in Note 27.

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

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

The County is associated with certain organizations which are defined as Jointly Governed Organizations, a Joint Venture, a Risk Sharing Pool, a Group Purchasing Pool, and a Related Organization. These organizations are presented in Notes 18, 19, and 20 to the Basic Financial Statements. These organizations are:

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

BASIS OF PRESENTATION

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FUND FINANCIAL STATEMENTS

During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

FUND ACCOUNTING

The County uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds utilized by the County: governmental, proprietary and fiduciary.

GOVERNMENTAL FUNDS

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

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

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

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

PROPRIETARY FUNDS

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

Enterprise Fund – An enterprise fund may be used to account for any activity for which a fee is charged to external users for goods or services. The following is the County's only enterprise fund:

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

FIDUCIARY FUNDS

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

MEASUREMENT FOCUS

Government-Wide Financial Statements

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

Fund Financial Statements

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

BASIS OF ACCOUNTING

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

REVENUES – EXCHANGE AND NON-EXCHANGE TRANSACTIONS

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. “Measurable” means that the amount of the transaction can be determined and “available” means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the County, available means expected to be received within 60 days of year-end.

Non-exchange transactions, in which the County receives value without directly giving equal value in return, include property taxes, revenue in lieu of taxes, sales tax, grants, entitlements and donations. On the accrual basis, revenue from property taxes and revenue in lieu of taxes is recognized in the year for which the taxes are levied. (see Note 6). Revenue from permissive sales tax is recognized in the period in which the sales occur (see Note 7). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the County must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

DEFERRED REVENUE

Deferred revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Property taxes and revenue in lieu of taxes for which there is an enforceable legal claim as of December 31, 2009, but were levied to finance 2010 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met have also been recorded as deferred revenue.

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

EXPENSES/EXPENDITURES

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

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

BUDGETS AND BUDGETARY ACCOUNTING

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the County Commissioners may appropriate. The appropriations resolution is the County Commissioner's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the County Commissioners. The legal level of control has been established by the County Commissioners at the object level within each department and fund. Budgetary modifications may only be made by resolution of the County Commissioners. The County reports unbudgeted activity on the financial statements due to the County's unclaimed monies fund being classified as an agency fund on the County's books, but which is included with the General Fund for GAAP reporting purposes.

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

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriations resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the County Commissioners during the year, including all supplemental appropriations.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CASH AND CASH EQUIVALENTS

Cash balances of the County's funds, except cash held by a trustee, an escrow agent and cash in segregated accounts, are pooled in order to provide improved cash management. Individual fund integrity is maintained through County records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements. Cash and cash equivalents that are held separately within departments of the County and not held with the County Treasurer are recorded on the financial statements as "Cash and Cash Equivalents in Segregated Accounts." The County utilizes financial institutions to service bonded debt as principal and interest payments come due. The balances held in these accounts are presented as "Cash and Cash Equivalents with Trustee."

The County has escrow accounts to hold retainage amounts still owed to contractors until payments are made and to hold proceeds from lease-purchase agreements until payments are made on the projects. The monies held in these accounts are presented as "Restricted Assets: Cash and Cash Equivalents with Escrow Agent" and "Restricted Assets: Investments with Escrow Agent," on the financial statements. Also "Restricted Assets: Equity in Pooled Cash and Cash Equivalents," on the balance sheet represents unclaimed monies held by the County to be reclaimed by its rightful owners.

During the year, the County's investments were limited to STAROhio.

The County has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during 2009. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 2009.

Interest income is distributed to the funds according to Ohio constitutional and statutory requirements. Interest revenue credited to the General Fund during 2009 amounted to \$23,590, all of which was assigned from other funds.

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

MATERIALS AND SUPPLIES INVENTORY

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

PREPAID ITEMS

Payments made to vendors for services that will benefit periods beyond December 31, 2009, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

INTERFUND RECEIVABLES/PAYABLES

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

CAPITAL ASSETS

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

Capital assets are capitalized at cost (or estimated historical cost, which is determined by indexing the current replacement cost back to the year of acquisition) and updated for additions and reductions during the year. Donated capital assets are recorded at their fair market values on the date donated. The County maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are expensed.

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

<u>Descriptions</u>	<u>Estimated Lives</u>
Land Improvements	20 years
Buildings and Building Improvements	7-50 years
Furniture, Fixtures, and Equipment	5-30 years
Vehicles	8 years
Infrastructure	5-65 years

The County’s governmental infrastructure system consists of roads and bridges which includes box culverts and concrete pipes. The business-type infrastructure system is the sewer system, consisting of sewer lines, pump stations, and relay stations.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

COMPENSATED ABSENCES

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

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent it is probable that the benefits will result in termination payments. The liability is an estimate based on the County's past experience of making termination payments. A liability is accrued for all full-time employees based on their sick leave balance at year-end.

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

ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

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

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

RESERVATION OF FUND BALANCE

The County reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent expendable resources and therefore are not available for appropriation or expenditure. Fund balances are reserved for encumbrances, unclaimed monies, and loans receivable. Under Ohio law, unclaimed monies are not available for appropriation until they have remained unclaimed for five years. The reserve for loans receivable is the portion of the Revolving Loan Fund that is not expected to be repaid in 2009.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

RESTRICTED ASSETS

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

BOND PREMIUMS AND ISSUANCE COSTS/LOSS

Premiums and issuance costs for government-wide statements and enterprise fund statements are deferred and amortized over the term of the bonds using the straight-line method since the results are not significantly different from the effective interest method. Bond premiums are presented as an increase to the face amount of bonds payable whereas issuance costs are recorded as deferred charges.

The accounting loss on refunded bonds (difference between the reacquisition price and the net carrying amount of the old debt) is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter.

INTERNAL ACTIVITY

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

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

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in enterprise funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

ESTIMATES

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

NET ASSETS

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

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

INVESTMENT IN JOINT VENTURE

The County's Investment in Joint Venture relates to the County's equity interest in the Joint Solid Waste District (see Note 18). The County's share in year-end net assets is included on the Statement of Net Assets as an Investment in Joint Venture.

OPERATING REVENUES AND EXPENSES

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

ACCOUNTABILITY

The General Fund, the Juvenile Detention Center Special Revenue Fund, and the General Purpose Bond Debt Service Fund had deficit fund balances of \$1,400,200, \$828,962, and \$3,630, respectively, at December 31, 2009. The General Fund deficit balance exists because sufficient revenues have not been generated to cover expenditures. The General Fund is liable for the deficits and provides transfers when cash is required, not when accruals occur.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE (Continued)

COMPLIANCE

The General Fund had original and final appropriations in excess of original and final estimated revenues and available fund balances of \$2,061,642 for the year ended December 31, 2009.

Ohio Revised Code Section 5705.10(H) provides that money paid into a fund must be used only for the purpose for which such fund has been established. As a result, a negative balance indicates that money from one fund was used to cover the expenses of another fund. The General Fund had a negative balance of \$2,094,727 and the Juvenile Detention Center Special Revenue Fund had a negative balance of \$828,962.

Ohio Revised Code Section 133.22 (A)(2) requires that a bond issuance have one purpose and not be used for general operating expenses. The County issued a Bond Anticipation Note in the amount of \$425,000 which was received and deposited into the General Fund to pay general operating expenses.

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

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

Ohio Rev. Code Section 5705.36(A)(4) states that upon determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency. At December 31, 2009, the County had actual resources in the General Fund below the current level of appropriation in the amount of \$2,325,332 and in the Juvenile Detention Fund in the amount of \$788,156.

Ohio Rev. Code Section 5705.39 provides in part that total appropriations from each fund shall not exceed total estimated revenue available, as certified by the budget commission. Appropriations exceeded estimated resources in the General Fund by \$2,385,343 and in the Juvenile Detention Fund by \$249,480.

FEDERAL COMPLIANCE

According to the *State of Ohio Department of Development, Office of Housing and Community Partnership Financial Management Rules and Regulations Handbook, Section (A)(3)(f)*, the grantee must develop a cash management system to ensure compliance with the Fifteen Day Rule relating to prompt disbursement of funds.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE (Continued)

FEDERAL COMPLIANCE (Continued)

This rule states that fund draw downs should be limited to amounts that will enable the grantee to disburse the funds on hand to a balance of less the \$5,000 within fifteen days of receipt of any funds. Lump sum draw downs are not permitted. Scioto County has not developed a cash management system to ensure compliance with the Fifteen Day Rule.

2 CFR Part 225 App B. Section 37.c indicates rental costs under “less than arm’s length” leases are allowable only up to the amount that would be allowable had title to the property vested in the County. Additionally, Ohio Admin. Code Section 5101:9-4-11(A) indicates the county family service agency shall follow federal, state, and local regulations when seeking federal financial participation for costs associated with the rent or lease of property or equipment. The costs must be necessary and reasonable for proper and efficient performance and administration of the specific program financing the cost and must be in compliance with Office of Budget and Management (OMB) Circular A-87, attachment B and Code of Federal Regulations 2 CFR Part 225.

\$153,818 excess cost was allocated through an indirect cost pool to the Job and Family Service departments federally funded programs. Of the \$153,818 allocated to the individual programs, \$100,050 was funded from Federal dollars and the remaining \$53,768 was funded from state (GRF) monies, which is in violation of Ohio Admin. Code Section 5101:9-4-11(A) listed above.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

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

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (Continued)

4. Unrecorded cash represents amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statements.
5. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
6. The County does not budget for the unclaimed monies activity which is reported as an agency fund on the County's books. However, the activity is included in the General Fund for GAAP reporting purposes.

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

	Net Change in Fund Balance				
	General	Public Assistance	Motor Vehicle Gas Tax	Board of Developmental Disabilities	Children Services
GAAP Basis	(\$99,949)	(\$482,556)	\$305,866	\$356,087	(\$26,770)
Increases (Decreases) Due To:					
Revenue Accruals	(279,282)	673,185	(389,554)	(204,311)	(44,994)
Expenditure Accruals	415,182	(84,378)	282,928	8,472	17,664
Encumbrances	(269,907)	(446,268)	(114,825)	(193,376)	(51,849)
Unrecorded Cash - 2008	154,402	5,436	541	141,386	78,092
Unrecorded Cash - 2009	(150,264)	(7,351)	(519)	(115,726)	(26,575)
Transfers	(73,934)	0	0	0	0
Advances	(10,000)	0	0	0	0
Unbudgeted Activity	55,265	0	0	0	0
Budget Basis	<u>(\$258,487)</u>	<u>(\$341,932)</u>	<u>\$84,437</u>	<u>(\$7,468)</u>	<u>(\$54,432)</u>

NOTE 5 - DEPOSITS AND INVESTMENTS

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

Monies held by the County, which are not considered active, are classified as inactive. Inactive monies may be deposited or invested in the following securities provided a written investment policy has been filed with the Ohio Auditor of State:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury, or any other obligation guaranteed as to principal or interest by the United States, or any book entry zero-coupon United States treasury security that is a direct obligation of the United States;

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio or its political subdivisions;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) above;
7. The State Treasurer's investment pool (STAROhio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange similar securities, or cash, equal value for equal value;
9. Up to 25 percent of the County's average portfolio in either of the following:
 - a. commercial paper notes in entities incorporated under the laws of Ohio or any other State that have assets exceeding \$500 million rated at the time of purchase, which are rated in the highest qualification established by two nationally recognized standard rating services, which do not exceed 10 percent of the value of the outstanding commercial paper of the issuing corporation and which mature within 270 days after purchase;
 - b. bankers acceptances eligible for purchase by the federal reserve system and which mature within 180 days after purchase;
10. Up to 15 percent of the County's average portfolio in notes issued by United States corporations or by depository institutions that are doing business under authority granted by the United States provided the notes are rated in the second highest or higher category by at least two nationally recognized standard rating services at the time of purchase and the notes mature within two years from the date of purchase;
11. No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service consisting exclusively of obligations guaranteed by the United States, securities issued by a federal government agency or instrumentality, and/or highly rated commercial paper; and

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

12. Up to one percent of the County’s average portfolio in debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government.

Custodial credit risk for deposits is the risk that in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year-end, \$19,719 of the County’s bank balance of \$16,775,585 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the County to a successful claim by the FDIC.

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

Investments may only be made through specific dealers and institutions.

INVESTMENTS

As of December 31, 2009, the County had the following investments.

	Fair Value	Maturity Date
STAROhio	\$60,610	average 61 days

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

Credit Risk: STAROhio carries a rating of AAAM by Standard and Poor’s. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The County’s investment policy limits investments to those authorized by State statute.

Concentration of Credit Risk: The County’s investment policy places no limit on the amount it may invest in any one issuer.

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property (used in business) located in the County. Property tax revenue received during 2009 for real and public utility property taxes represents collections of 2008 taxes. Property tax payments received during 2009 for tangible personal property (other than public utility property) are for 2009 taxes.

2009 real property taxes are levied after October 1, 2009, on the assessed value as of January 1, 2009, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2009 real property taxes are collected in and intended to finance 2010.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2009 public utility property taxes became a lien December 31, 2008, are levied after October 1, 2009, and are collected in 2010 with real property taxes.

Tangible personal property tax revenue received during 2009 (other than public utility property tax) represents the collection of 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in 2009 were levied after October 1, 2008, on the value as of December 31, 2008.

Payments made 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 full tax rate for all County operations for the year ended December 31, 2009, was \$8.98 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2009 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Property:	
Residential/Agricultural	\$657,229,660
Commercial/Industrial/Public Utility	150,647,890
Public Utility Real	10,968,280
Public Utility Personal	69,473,530
General Business Personal	2,775,230
Total Assessed Value	<u><u>\$891,094,590</u></u>

NOTE 6 - PROPERTY TAXES (Continued)

The County Treasurer collects property taxes on behalf of all taxing districts within the County. The County Auditor periodically remits to the taxing districts their portions of the taxes collected. Collections of the taxes and remittance of them to the taxing districts are accounted for in various agency funds of the County. Property taxes receivable represents real and tangible personal property taxes, public utility taxes, and outstanding delinquencies which are measurable as of December 31, 2009, and for which there is an enforceable legal claim. In the General Fund, the Board of Developmental Disabilities Fund, the Children Services Fund, and the T.B. Levy Fund, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2009 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

NOTE 7 - PERMISSIVE SALES TAX

In accordance with Sections 5739.021 and 5741.021 of the Revised Code, the County Commissioners, by resolution, imposed a one and one-half percent tax on all retail sales, except sales of motor vehicles, made in the County, and on the storage, use, or consumption in the County of tangible personal property, including automobiles, not subject to the sales tax. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies to the Office of Budget and Management the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within 45 days after the end of each month. The Tax Commissioner shall then, on or before the twentieth day of the month in which certification is made, provide for payment to the County.

A receivable is recognized at year-end for amounts that will be received from sales which occurred during 2009.

NOTE 8 - RECEIVABLES

Receivables at December 31, 2009, consisted of taxes, accounts (billings for user charged services), interfund activity, revenue in lieu of taxes, revenue due from other governments arising from grants and shared revenues, receivables due from component unit, and loans. All receivables are considered fully collectible and will be received within one year with the exception of property taxes, revenue in lieu of taxes, and loans. Sewer charges receivable, if delinquent, may be certified and collected as a special assessment, subject to foreclosure for nonpayment. Property taxes and revenue in lieu of taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year.

The County maintains a revolving loan program for local businesses to encourage business development in the County. The loans receivable balance at December 31, 2009, was \$538,559, of which \$28,120 is considered to be due within one year.

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

NOTE 8 - RECEIVABLES (Continued)

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

	<i>Amount</i>
<u>Governmental Activities Intergovernmental Receivables</u>	
Local Government	\$490,543
Indigent Defense Reimbursement	70,768
Child Support State Draw	123,825
Human Services Grants/Reimbursements	513,544
Child Support Poundage	17,315
Board of DD Contractual Services	1,312,079
Children Services Reimbursements	379,307
High Visibility Enforcement Overtime Grant	5,081
Homestead and Rollback	472,906
COPS - Professional Training Grant	2,120
Prisoner Housing	206,404
Felony Delinquent Care and Custody Grant	166,706
Community Corrections Act Grants	160,963
Juvenile Accountability Block Grant	15,000
Early Childhood Special Education Grant	7,058
Special Education Grant	43,465
IV-D Contract Billing	32,724
FOJ Reimbursements	37
Reimbursements Received from Townships	88,010
Rotary Contractual Services	95,917
Inmate Medical Reimbursement	444
Educational Options for Children	3,976
Rural Transit Grants	76,676
ODNR - Burke's Point Park Project Grant	99,000
VOCA Grant	57,732
United Way Grant	4,500
Community Development Block Grants	1,043,900
Ohio Department of Development Grant	250,000
Wireless 911 Surcharge	13,034
Byrne Justice Assistance Grant	68,750
ARRA Additional Law Enforcement Grant	4,784
P/T Assistant Prosecutor Grant	4,203
Access Scioto County Contractual Services	32,145
Emergency Management Performance Grant	8,951
State Homeland Security Program Grant	20,851
Cents Per Gallon	365,521
Gasoline Tax	773,336
Motor Vehicle License Tax	1,183,026
Total Governmental Activities	8,214,601
<u>Business-Type Activities Intergovernmental Receivables</u>	
Army Corps of Engineers Grant	254,202
Total Intergovernmental Receivables	\$8,468,803

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

NOTE 9 - CAPITAL ASSETS

Capital assets activity of the governmental activities for the year ended December 31, 2009, was as follows:

	Balance At 12/31/2008	Additions	Deletions	Balance At 12/31/2009
<u>Governmental Activities</u>				
Capital Assets, Not Being Depreciated:				
Land	\$1,866,742	\$0	\$0	\$1,866,742
Construction in Progress	1,974,964	1,878,349	(197,639)	3,655,674
Total Capital Assets, Not Being Depreciated	3,841,706	1,878,349	(197,639)	5,522,416
Depreciable Capital Assets:				
Land Improvements	106,746	231,908	0	338,654
Buildings and Building Improvements	43,737,012	68,280	0	43,805,292
Furniture, Fixtures, and Equipment	5,734,662	160,732	(145,549)	5,749,845
Vehicles	4,935,763	224,847	(226,342)	4,934,268
Infrastructure	54,603,033	2,952,011	(180,929)	57,374,115
Total Depreciable Capital Assets	109,117,216	3,637,778	(552,820)	112,202,174
Less Accumulated Depreciation:				
Land Improvements	(65,506)	(6,224)	0	(71,730)
Buildings and Building Improvements	(8,588,604)	(851,726)	0	(9,440,330)
Furniture, Fixtures, and Equipment	(3,446,599)	(502,314)	97,759	(3,851,154)
Vehicles	(3,164,071)	(376,988)	226,342	(3,314,717)
Infrastructure	(19,059,674)	(1,426,730)	83,296	(20,403,108)
Total Accumulated Depreciation	(34,324,454)	(3,163,982) *	407,397	(37,081,039)
Depreciable Capital Assets, Net	74,792,762	473,796	(145,423)	75,121,135
Governmental Activities				
Capital Assets, Net	<u>\$78,634,468</u>	<u>\$2,352,145</u>	<u>(\$343,062)</u>	<u>\$80,643,551</u>

*Depreciation expense was charged to governmental programs as follows:

General Government:	
Legislative and Executive	\$216,579
Judicial	55,235
Public Safety:	
Sheriff	427,105
Other	268,154
Public Works	1,503,228
Health	216,145
Human Services	173,192
Conservation and Recreation	231,873
Transportation	72,471
Total Depreciation Expense	<u><u>\$3,163,982</u></u>

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

NOTE 9 - CAPITAL ASSETS (Continued)

Capital assets activity of the business-type activities for the year ended December 31, 2009, was as follows:

	Balance At 12/31/2008	Additions	Deletions	Balance At 12/31/2009
<u>Business-Type Activities</u>				
Capital Assets, Not Being Depreciated:				
Land	\$18,480	\$0	\$0	\$18,480
Construction in Progress	16,840	622,024	0	638,864
Total Capital Assets, Not Being Depreciated	35,320	622,024	0	657,344
Depreciable Capital Assets:				
Buildings and Building Improvements	7,191,482	0	0	7,191,482
Furniture, Fixtures, and Equipment	724,917	0	0	724,917
Vehicles	300,652	12,000	0	312,652
Infrastructure	14,240,211	318,792	0	14,559,003
Total Depreciable Capital Assets	22,457,262	330,792	0	22,788,054
Less Accumulated Depreciation:				
Buildings and Building Improvements	(2,383,136)	(143,830)	0	(2,526,966)
Furniture, Fixtures, and Equipment	(670,146)	(5,686)	0	(675,832)
Vehicles	(212,711)	(17,500)	0	(230,211)
Infrastructure	(3,004,754)	(224,095)	0	(3,228,849)
Total Accumulated Depreciation	(6,270,747)	(391,111)	0	(6,661,858)
Depreciable Capital Assets, Net	16,186,515	(60,319)	0	16,126,196
Business-Type Activities				
Capital Assets, Net	\$16,221,835	\$561,705	\$0	\$16,783,540

NOTE 10 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County maintains comprehensive insurance coverage with the County Risk Sharing Authority, Inc. (CORSA) (see Note 19) for liability, property, auto, and crime insurance. The County also carries Public Officials liability insurance through various insurance agencies. Settlements have not exceeded coverage in any of the last three years. There has not been a significant change in coverage from the prior year.

NOTE 10 - RISK MANAGEMENT (Continued)

For 2009, the County participated in the County Commissioners' Association of Ohio Workers' Compensation Group Rating Plan (the Plan), a group purchasing pool (see Note 19). The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. In order to allocate the savings derived by formation of the Plan, and to maximize the number of participants in the Plan, the Plan's executive committee annually calculates the total savings which accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the Plan is limited to counties that can meet the Plan's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control and actuarial services to the Plan. Each year, the County pays an enrollment fee to the Plan to cover the costs of administering the program.

The County may withdraw from the Plan if written notice is provided 60 days prior to the prescribed applicant deadline of the Ohio Bureau of Workers' Compensation. However, the participant is not relieved of the obligation to pay any amounts owed to the Plan prior to withdrawal, and any participant leaving the Plan allows representatives of the Plan to access loss experience for three years following the last year of participation.

NOTE 11 - DEFINED BENEFIT PENSION PLANS

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

Plan Description - The County participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the combined plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the traditional pension plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the member-directed plan.

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

NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2009, members in state and local classifications contributed 10.0 percent of covered payroll, while public safety and law enforcement members contributed 10.1 percent.

The County's 2009 contribution rate was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the County's contribution was 17.63 percent of covered payroll. For the period January 1 through March 31, a portion of the County's contribution equal to 7.0 percent of covered payroll was allocated to fund the post-employment health care plan; for the period April 1 through December 31, 2009, this amount was decreased to 5.5 percent. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the County of 14.0 percent, except for public safety and law enforcement, where the maximum employer contribution rate is 18.1 percent.

The County's required contributions for pension obligations to the traditional pension and combined plans for the years ended December 31, 2009, 2008, and 2007 were \$1,971,278, \$1,656,197, and \$1,852,726, respectively; 88.13 percent has been contributed for 2009 and 100 percent for 2008 and 2007. Contributions to the member-directed plan for 2009 were \$38,703 made by the County and \$27,645 made by plan members.

STATE TEACHERS RETIREMENT SYSTEM OF OHIO

Plan Description - Certified teachers, employed by the School for Developmental Disabilities, contribute to the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling 888-227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

New members have a choice of three retirement plans, a defined benefit (DB) plan, a defined contribution (DC) plan and a combined plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The combined plan offers features of both the DC plan and the DB plan. In the combined plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB plan. The DB portion of the combined plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)

Funding Policy - For the fiscal year ended June 30, 2009, plan members were required to contribute 10 percent of their annual covered salaries. The County was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2008, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The County's required contributions for pension obligations to STRS Ohio for the years ended December 31, 2009, 2008, and 2007 were \$80,971, \$80,557, and \$80,145, respectively; 96.43 percent has been contributed for 2009 and 100 percent for 2008 and 2007.

NOTE 12 - POSTEMPLOYMENT BENEFITS

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

Plan Description – Ohio Public Employees Retirement System (OPERS) maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for 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. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

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

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

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). State Statute requires that public employers fund post-employment health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care benefits.

NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2009, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 17.63 percent. 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 amount of employer contributions which were allocated to fund post-employment health care was 7.0 percent from January 1 through March 31, 2009, and 5.5 percent from April 1 through December 31, 2009.

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. Active members do not make contributions to the post-employment health care plan.

The County's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2009, 2008, and 2007 were \$1,228,335, \$1,584,606, and \$1,360,367, respectively; 88.13 percent has been contributed for 2009 and 100 percent for 2008 and 2007.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

STATE TEACHERS RETIREMENT SYSTEM OF OHIO

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. The County's contributions for health care for the years ended December 31, 2009, 2008, and 2007 were \$6,229, \$6,197, and \$6,165, respectively; 96.43 percent has been contributed for 2009 and 100 percent for 2008 and 2007.

NOTE 13 - OTHER EMPLOYEE BENEFITS

DEFERRED COMPENSATION

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

COMPENSATED ABSENCES

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

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

The employees in the Department of Children Services receive three days of personal leave with eight hours effective on July 1, November 1, and March 1. They must use the leave by June 30 or forfeit it.

INSURANCE BENEFITS

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

NOTE 14 - LEASES – LESSEE DISCLOSURE

During 2009, and in prior years, the County entered into capitalized leases for energy-saving renovations to certain buildings, for vehicles and for furniture, fixtures, and equipment. The leases meet the criteria of a capital lease as defined by *Statement of Financial Accounting Standards No. 13, "Accounting for Leases,"* which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee.

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

NOTE 14 - LEASES – LESSEE DISCLOSURE (Continued)

In 2006, the County entered into lease-purchase agreements for energy-saving renovations to the facilities of the Board of Developmental Disabilities, the facilities of the Department of Job and Family Services and the Courthouse. In 2007, the County entered into a lease-purchase agreement for energy-saving renovations to the Children Services facilities. The County is leasing the projects from Citimortgage, Inc. Citimortgage, Inc. deposited monies with UMB Bank, who serves as the fiscal agent for the monies. The County utilized the monies held by UMB Bank for the renovations. In turn, the County will make semi-annual lease payments to UMB Bank. The projects for the facilities of the Department of Job and Family Services and the Courthouse, which were included in one lease agreement, were completed in 2007. The projects for the facilities of the Board of Developmental Disabilities and for Children Services were completed in 2008. Monies remaining in the escrow accounts relating to the projects for the Board of Developmental Disabilities and Children Services are interest earnings earned on the balance of the accounts during the completion of the projects. These monies will be returned to the County. Capital assets acquired under the lease-purchase agreement were capitalized as buildings and improvements in the Statement of Net Assets for governmental activities. The lease for the facilities of the Department of Job and Family Services and the Courthouse will expire in 2016. The lease for the facilities of the Board of Developmental Disabilities will expire in 2017. The lease for the Children Services facilities will expire in 2018.

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

General capital assets consisting of buildings and improvements, vehicles, and furniture, fixtures, and equipment have been capitalized in the amount of \$3,970,649. A corresponding liability was recorded on the Statement of Net Assets for governmental activities. This amount represents the present value of the minimum lease payments at the time of acquisition. Principal payments in 2009 totaled \$538,941 in the governmental funds.

The assets acquired through capital leases as of December 31, 2009, are as follows:

	Asset Value	Accumulated Depreciation	Net Book Value
Buildings and Improvements	\$2,650,818	\$90,922	\$2,559,896
Furniture, Fixtures, and Equipment	389,208	177,292	211,916
Vehicles	930,623	281,300	649,323
Total	\$3,970,649	\$549,514	\$3,421,135

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

NOTE 14 - LEASES – LESSEE DISCLOSURE (Continued)

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2009:

Year Ending December 31,	Amount
2010	\$610,526
2011	584,080
2012	343,325
2013	325,614
2014	321,185
2015-2018	831,176
Total	3,015,906
Less: Amount Representing Interest	(417,768)
Present Value of Net Minimum Lease Payments	\$2,598,138

The County leases vehicles and furniture, fixtures, and equipment under noncancelable operating leases. Operating lease payments are reported as function expenditures in governmental funds and on the budgetary statements. Total operating lease payments in 2009 were \$20,085, which were paid from the General Fund and Special Revenue Funds.

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

Year Ending December 31,	Amount
2010	\$16,612
2011	856
Total	\$17,468

NOTE 15 - LONG-TERM OBLIGATIONS

BUSINESS-TYPE ACTIVITIES

General Obligation Bonds

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

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

NOTE 15 - LONG-TERM OBLIGATIONS (Continued)

Mortgage Revenue Bonds

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

The County has pledged future revenues, net of operating expenses, to repay the Mortgage Revenue Bonds. Annual principal and interest payments on the debt issue are expected to require five percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$35,941. Principal and interest paid for the current year and total net revenues were \$37,822 and \$722,837, respectively.

Farmer's Home Administration (FHA) Bonds

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

Ohio Public Works Commission (OPWC) Loans

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

Ohio Water Development Authority (OWDA) Loans

The OWDA loans consist of money owed to the Ohio Water Development Authority for various sewer line and pump station renovation projects. These consist of 5 - 10 year general obligation loans payable. The liability for the Sewer Fund is recorded in the fund and government-wide financial statements. The loans will be repaid from the Sewer Fund. The future debt service requirements for these loans are not presented in 2009 because the final amortization schedules had not been provided to the County as of the end of the year.

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

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

NOTE 15 - LONG-TERM OBLIGATIONS (Continued)

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

	Principal Outstanding at 12/31/2008	Additions	Deletions	Principal Outstanding at 12/31/2009	Due Within One Year
<i><u>Business-Type Activities</u></i>					
<i><u>General Obligation Bonds</u></i>					
Franklin Furnace Sewer Improvement Bonds 1997 4.50% - \$846,000	\$736,595	\$0	\$12,828	\$723,767	\$13,405
West Portsmouth Sewer System Refunding Bonds 1999 4.50% - \$2,880,000	1,645,000	0	150,000	1,495,000	160,000
Unamortized Loss	(101,848)	0	(11,317)	(90,531)	0
Wheelersburg Wastewater Treatment Plant Bonds 2004 4.50% - \$1,200,000	1,138,660	0	13,970	1,124,690	14,600
Rigrish Sewer Bonds 2006 4.50% - \$322,000	315,848	0	3,286	312,562	3,433
Total Enterprise General Obligation Bonds	3,734,255	0	168,767	3,565,488	191,438
<i><u>Mortgage Revenue Bonds</u></i>					
1970 5.375% - \$615,000	70,000	0	35,000	35,000	35,000
<i><u>Farmer's Home Administration (FHA) Bonds</u></i>					
FHA Bonds - West Portsmouth Improvement 1993 5.00% - \$825,000	677,600	0	14,200	663,400	14,900
FHA Bonds - Lucasville Phase II 1995 4.50% - \$650,000	545,810	0	10,760	535,050	11,250
FHA Bonds - Lucasville Phase III 1996 3.86% - \$842,500	720,774	0	13,349	707,425	13,950
FHA Bonds - West Portsmouth Phase VII 1999 4.50% - \$825,000	741,740	0	11,450	730,290	11,970
FHA Bonds - Lucasville Phase IV 2001 4.75% - \$347,940	315,160	0	5,610	309,550	5,880
Total FHA Bonds	3,001,084	0	55,369	2,945,715	57,950
<i><u>OPWC Loans</u></i>					
2002 0% - \$162,352	109,585	0	8,118	101,467	8,118
2004 0% - \$162,100	125,623	0	8,106	117,517	8,106
2006 0% - \$235,543	211,987	0	11,778	200,209	11,778
2006 0% - \$9,482	8,534	0	474	8,060	474
2008 0% - \$201,860	201,860	0	10,093	191,767	10,093
2009 0% - \$165,000	0	165,000	0	165,000	4,125
Total OPWC Loans	\$657,589	\$165,000	\$38,569	\$784,020	\$42,694

(Continued)

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

NOTE 15 - LONG-TERM OBLIGATIONS (Continued)

	Principal Outstanding at 12/31/2008	Additions	Deletions	Principal Outstanding at 12/31/2009	Due Within One Year
<i><u>Business-Type Activities</u></i>					
<i><u>OWDA Loans</u></i>					
Minford Area Wastewater Loan 2009 5.47%	\$0	\$1,465	\$0	\$1,465	\$0
Wastewater Design for Minford, Clarktown, Muletown, and Rubyville 2009 0%	0	79,054	0	79,054	0
Eden Park Planning and Design Loan 2009 0%	0	129,000	0	129,000	0
Total OWDA Loans	0	209,519	0	209,519	0
<i><u>Other Long-Term Obligations</u></i>					
Compensated Absences	77,090	22,946	19,148	80,888	51,495
<i>Total Business-Type Activities</i>	<u>\$7,540,018</u>	<u>\$397,465</u>	<u>\$316,853</u>	<u>\$7,620,630</u>	<u>\$378,577</u>

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

	General Obligation Bonds		Mortgage Revenue Bonds		FHA Bonds		OPWC Loans
	Principal	Interest	Principal	Interest	Principal	Interest	Principal
2010	\$191,438	\$166,276	\$35,000	\$941	\$57,950	\$136,648	\$42,694
2011	197,856	157,741	0	0	60,708	133,951	46,819
2012	209,327	148,875	0	0	63,534	131,125	46,819
2013	215,875	139,330	0	0	66,479	128,168	46,819
2014	227,489	129,526	0	0	69,506	125,073	46,819
2015-2019	839,333	489,214	0	0	399,254	573,699	234,095
2020-2024	267,103	376,389	0	0	501,298	471,620	209,719
2025-2029	332,849	310,597	0	0	629,674	343,388	106,111
2030-2034	414,796	228,652	0	0	742,553	182,281	4,125
2035-2039	422,890	128,601	0	0	354,759	37,457	0
2040-2044	304,294	44,064	0	0	0	0	0
2045-2046	32,769	2,228	0	0	0	0	0
Totals	<u>\$3,656,019</u>	<u>\$2,321,493</u>	<u>\$35,000</u>	<u>\$941</u>	<u>\$2,945,715</u>	<u>\$2,263,410</u>	<u>\$784,020</u>

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

NOTE 15 - LONG-TERM OBLIGATIONS (Continued)

	Totals	
	Principal	Interest
2010	\$327,082	\$303,865
2011	305,383	291,692
2012	319,680	280,000
2013	329,173	267,498
2014	343,814	254,599
2015-2019	1,472,682	1,062,913
2020-2024	978,120	848,009
2025-2029	1,068,634	653,985
2030-2034	1,161,474	410,933
2035-2039	777,649	166,058
2040-2044	304,294	44,064
2045-2046	32,769	2,228
Totals	\$7,420,754	\$4,585,844

GOVERNMENTAL ACTIVITIES

General Obligation Bonds

The County issues General Obligation Bonds to provide funds for the acquisition and construction of major capital facilities and the refinancing of Bond Anticipation Notes. General Obligation Bonds are direct obligations and pledge the full faith and credit of the County for repayment. These bonds are generally issued as 20 year serial bonds. The Airport Facilities Bond is being paid with monies received from the Scioto County Airport Authority. The Shelton Industries Bonds are paid from general revenues of the County. The bonds are reported as part of unrestricted net assets because the proceeds were used for the renovation of a building owned by the Southern Ohio Port Authority. The Various Purpose and the Juvenile Detention Center Bonds are both being paid with tax monies receipted into the General Fund and then transferred to the Debt Service Fund. The Human Services Refunding Bonds, issued May 1, 2004, are being paid with monies received into the Debt Service Fund from the Public Assistance Special Revenue Fund. The refunded bonds were retired on August 1, 2004. The County Jail Bonds are being paid from general revenues of the County.

The 2006 Various Purpose Refunding Bonds were issued November 14, 2006, for the purpose of advance refunding \$525,000 of the 2000 Various Purpose Bonds, \$1,055,000 of the 2000 Juvenile Detention Center Bonds, the Human Services Building Acquisition Bond Anticipation Note in the amount of \$210,000, the County Jail Bond Anticipation Note in the amount of \$250,000, and the Various Purpose Bond Anticipation Note in the amount of \$700,000. At December 31, 2009, \$1,580,000 of the refunded bonds were outstanding.

NOTE 15 - LONG-TERM OBLIGATIONS (Continued)

Developmental Disabilities Loans

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

State Infrastructure Bank Loan

During 2006, the County entered into a loan through the Ohio Department of Transportation State Infrastructure Bank for the construction of a bridge replacement on Arion Road. The loan is a direct obligation and pledges the full faith and credit of the County for repayment. The County received the proceeds of the loan from the Ohio Department of Transportation as expenditures were incurred. During 2007, the County received \$1,167,040; thus, adding to the long-term liability reported in 2006 of \$27,600. During 2008, the County received \$11,646 which was the final loan disbursement for the project and was added to the amounts received in 2006 and 2007 for a final loan amount of \$1,206,286. The County Engineers' Association of Ohio has agreed to repay the loan on behalf of the County through the County Local Bridge Program. In December 2007, the County Engineer's Association of Ohio repaid \$919,000 of the outstanding amount of the loan and in 2009 the remainder of the loan was repaid.

Riverside Park Tractor Loan

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

Capital Leases and Compensated Absences

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

Compensated absences will be paid from the following governmental funds:

General Fund
Dog and Kennel Special Revenue Fund
Public Assistance Special Revenue Fund
Real Estate Assessment Special Revenue Fund
Common Pleas Court Computer Special Revenue Fund
Probation Supervision Services Special Revenue Fund
Board of Developmental Disabilities Special Revenue Fund
T.B. Levy Special Revenue Fund
Emergency Management Assistance Special Revenue Fund
Children Services Special Revenue Fund
Revolving Loan Special Revenue Fund
Coordinated Transportation Special Revenue Fund

NOTE 15 - LONG-TERM OBLIGATIONS (Continued)

Engineer Special Revenue Fund
Recycling and Litter Prevention Special Revenue Fund
Inmate Improvement Special Revenue Fund
Drug Enforcement/Sheriff Special Revenue Fund
Sheriff's Policing Rotary Special Revenue Fund
Mediation Grant Special Revenue Fund

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

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

NOTE 15 - LONG-TERM OBLIGATIONS (Continued)

	Principal Outstanding at 12/31/2008	Additions	Deletions	Principal Outstanding at 12/31/2009	Due Within One Year
<i>Governmental Activities</i>					
<i>General Obligation Bonds</i>					
Airport Facilities Bond					
2001 7.00% - \$55,000	\$8,607	\$0	\$8,607	\$0	\$0
Shelton Industries Bonds					
1999 8.05% - \$2,870,000	2,405,000	0	75,000	2,330,000	80,000
Various Purpose Bonds					
2000 5.7% - \$1,940,000	340,000	0	165,000	175,000	175,000
Juvenile Detention Center Bonds					
2000 5.80% - \$1,820,000	255,000	0	80,000	175,000	85,000
Human Services Refunding Bonds					
2004 2.00 - 3.25% - \$2,050,000	825,000	0	265,000	560,000	275,000
Unamortized Loss	(18,843)	0	(6,281)	(12,562)	0
County Jail Bonds					
2004 2.00 - 5.00% - \$6,135,000	5,475,000	0	175,000	5,300,000	180,000
Premium on Jail Bonds	4,298	0	205	4,093	0
Various Purpose Refunding Bonds					
2006 2.00 - 4.00 - 4.25% - \$2,930,000	2,760,000	0	90,000	2,670,000	100,000
Unamortized Loss	(69,944)	0	(17,486)	(52,458)	0
Total General Obligation Bonds	11,984,118	0	835,045	11,149,073	895,000
<i>Bond Anticipation Notes</i>					
Commercial Property Acquisition					
Bond Anticipation Note					
September 17, 2009 - 7.00% - \$212,000	0	187,000	0	187,000	0
Various Purpose Bond					
Anticipation Note					
September 17, 2009 - 6.75% - \$425,000	0	400,000	0	400,000	0
Total Bond Anticipation Notes	0	587,000	0	587,000	0
<i>Other Long-Term Obligations</i>					
Developmental Disabilities Loan					
1986 3.00% - \$150,000	32,500	0	7,542	24,958	7,806
State Infrastructure Bank Loan - Arion					
Road Bridge 2006 3.00% - \$1,206,286	287,286	0	287,286	0	0
Riverside Park Tractor Loan 2007 4.47% - \$20,566	14,228	0	4,042	10,186	4,232
Capital Leases	2,887,026	250,053	538,941	2,598,138	497,583
Compensated Absences	1,955,151	1,006,622	1,055,602	1,906,171	1,204,167
Total Other Long-Term Obligations	5,176,191	1,256,675	1,893,413	4,539,453	1,713,788
Total Governmental Activities	\$17,160,309	\$1,843,675	\$2,728,458	\$16,275,526	\$2,608,788

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

NOTE 15 - LONG-TERM OBLIGATIONS (Continued)

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

	General Obligation Bonds		Developmental Disabilities Loan		Riverside Park Tractor Loan		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$895,000	\$557,200	\$7,806	\$738	\$4,232	\$380	\$907,038	\$558,318
2011	795,000	519,695	8,080	464	4,431	181	807,511	520,340
2012	515,000	487,011	8,363	181	1,523	15	524,886	487,207
2013	550,000	464,992	709	2	0	0	550,709	464,994
2014	560,000	440,817	0	0	0	0	560,000	440,817
2015-2019	3,005,000	1,792,113	0	0	0	0	3,005,000	1,792,113
2020-2024	2,785,000	1,033,373	0	0	0	0	2,785,000	1,033,373
2025-2029	2,105,000	299,588	0	0	0	0	2,105,000	299,588
Totals	<u>\$11,210,000</u>	<u>\$5,594,789</u>	<u>\$24,958</u>	<u>\$1,385</u>	<u>\$10,186</u>	<u>\$576</u>	<u>\$11,245,144</u>	<u>\$5,596,750</u>

The County's total legal debt margin was \$18,894,117 at December 31, 2009, with an unvoted debt margin of \$7,027,698 at December 31, 2009.

CONDUIT DEBT OBLIGATION

During 1985, the County, in conjunction with several other political subdivisions of Ohio, issued Revenue Bonds in the aggregate principal amount of \$72,000,000. The proceeds were used to fund the VHA Central Inc. Capital Asset Financing Program. The program provides financing for hospitals in Ohio to acquire equipment and other capital assets. The balance outstanding as of December 31, 2009, is \$28,800,000.

During 1991, the County issued Revenue Bonds in the aggregate principal amount of \$27,200,000 for The Norfolk Southern Corporation. The proceeds were used to refund bonds that had been used by Norfolk Southern Corporation to finance the construction of a coal distribution facility. The balance outstanding as of December 31, 2009, is \$4,945,453.

During 2001, the County issued Revenue Bonds in the aggregate principal amount of \$1,870,000 for the Shawnee Mental Health Center. The proceeds were used by the Shawnee Mental Health Center to construct a new facility. The balance outstanding as of December 31, 2009, is \$1,450,000.

During 2002, the County issued Revenue Bonds in the aggregate principal amount of \$1,330,000 for The Counseling Center, Inc. The proceeds were used by The Counseling Center, Inc. to renovate two of its facilities and to refinance an outstanding commercial loan that was used to acquire and renovate three of its facilities. The balance outstanding as of December 31, 2009, is \$820,000.

During 2006, the County issued Hospital Revenue Bonds in the aggregate principal amount of \$131,375,000 for the Southern Ohio Medical Center (SOMC). The proceeds were used by SOMC to construct a new addition to the Hospital Facility and related renovations. The balance outstanding as of December 31, 2009, is \$125,600,000.

NOTE 15 - LONG-TERM OBLIGATIONS (Continued)

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

NOTE 16 - BOND ANTICIPATION NOTES PAYABLE

During 2009, the County retired the Airport Hanger Bond Anticipation Note in the amount of \$75,000 and reissued the note in the amount of \$55,000. The note is presented as a fund liability on the financial statements. The note was retired on September 16, 2010.

During 2009, the County retired the Commercial Property Acquisition Bond Anticipation Note in the amount of \$237,000 and reissued the note in the amount of \$212,000. On September 16, 2010, the County paid \$25,000 against the \$212,000 note and refinanced the remaining \$187,000 into a new note. Therefore, the \$212,000 liability outstanding at December 31, 2009 is split with \$187,000 presented as a long-term liability and \$25,000 presented as a fund liability in the financial statements.

During 2009, the County retired the Various Purpose Bond Anticipation Note in the amount of \$450,000 and reissued the note in the amount \$425,000. On September 16, 2010, the County paid \$25,000 against the \$425,000 note and refinanced the remaining \$400,000 into a new note. Therefore, the \$425,000 liability outstanding at December 31, 2009 is split with \$400,000 presented as a long-term liability and \$25,000 presented as a fund liability in the financial statements.

In the prior year, the County issued the Burke's Point Landing Bond Anticipation Note in the amount of \$201,845. However, the County did not use all of these proceeds for the project. During 2008 and 2009, \$16,500 and \$181,445 of the note was received, respectively. The remaining \$3,900 of the note will not be received in by the County. The note matured on December 18, 2009.

During 2009, the County issued the Ginat Dredging Project Bond Anticipation Note in the amount of \$250,000. During 2009, \$36,000 of the note was received. The note matured on December 31, 2009 and the County reissued the note in the amount of \$250,000. The note is presented as a fund liability on the financial statements. The note will mature on December 29, 2010.

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

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

NOTE 16 - BOND ANTICIPATION NOTES PAYABLE (Continued)

<i>Types / Issues</i>	<i>Balance 12/31/08</i>	<i>Issued</i>	<i>Retired</i>	<i>Balance 12/31/09</i>
<u>Governmental Activities</u>				
Airport Hangar Bond Anticipation Note				
September 17, 2008 - 2.50% - \$75,000	\$75,000	\$0	\$75,000	\$0
September 17, 2009 - 6.50% - \$55,000	0	55,000	0	55,000
Commercial Property Acquisition				
Bond Anticipation Note				
September 17, 2008 - 5.00% - \$237,000	237,000	0	237,000	0
September 17, 2009 - 7.00% - \$212,000	0	25,000	0	25,000
Various Purpose Bond				
Anticipation Note				
September 17, 2008 - 5.00% - \$450,000	450,000	0	450,000	0
September 17, 2009 - 6.75% - \$425,000	0	25,000	0	25,000
Burke's Point Landing Bond				
Anticipation Note				
November 26, 2008 - 4.02% - \$201,845	16,500	181,445	197,945	0
Ginat Dredging Project Bond				
Anticipation Note				
March 5, 2009 - 3.41% - \$250,000	0	36,000	35,234	766
December 30, 2009 - 2.88% - \$250,000	0	250,000	0	250,000
Total Governmental Activities	<u>\$778,500</u>	<u>\$572,445</u>	<u>\$995,179</u>	<u>\$355,766</u>

NOTE 17 - INTERFUND ACTIVITY

Interfund balances at December 31, 2009, consist of the following individual fund receivables and payables:

		Receivables					
Payables	General	Public Assistance	Motor Vehicle Gas Tax	Board of Developmental Disabilities	Nonmajor Governmental Funds	Total	
	General	\$0	\$53,167	\$0	\$2,006,562	\$503,617	\$2,563,346
Public Assistance	0	0	0	27,774	65,443	93,217	
Nonmajor Governmental Funds	55,438	14,600	154,600	828,962	0	1,053,600	
Total	<u>\$55,438</u>	<u>\$67,767</u>	<u>\$154,600</u>	<u>\$2,863,298</u>	<u>\$569,060</u>	<u>\$3,710,163</u>	

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

NOTE 17 - INTERFUND ACTIVITY (Continued)

The General Fund advances are made to move unrestricted balances to support programs and projects accounted for in other funds. Advancing monies to other funds is necessary due to timing differences in the receiving of grant monies, for services performed for which payments are owed, or to cover a negative cash balance in another fund. The Motor Vehicle Gas Tax Fund advanced money to the Hayport Road Bridge Construction Nonmajor Fund. The Public Assistance Fund has outstanding payables to the Board of Developmental Disabilities Fund and other Nonmajor Governmental Funds for services provided through various contracts existing with Public Assistance. All advances will be reimbursed either when funds become available or when payments for services are rendered. The General Purpose Bond Fund advanced the General Fund \$500,000 in 2006 which was used for general operating expenditures. As of December 31, 2009, the General Fund had repaid \$75,000 of the advance, leaving a remaining balance of \$425,000 owed from the General Fund to other Nonmajor Governmental Funds. During 2007 and 2008, debt service payments were made from the Board of Developmental Disabilities Fund and the Board of Development Disabilities Capital Projects Fund that should have been made from the General Fund and the Public Assistance Fund for the Ameresco lease purchase agreement funded by the General Fund and the Public Assistance Fund. Since the payments have not been moved to the correct funds, the payments are presented as interfund receivables in the funds that are owed the monies and interfund payables in the funds that owe the monies.

During 2009, the County had negative cash balances in the General Fund and the Juvenile Detention Center Special Revenue Fund due to the costs of operations of the jail, court, and juvenile detention facilities. The County made advances from the Board of Developmental Disabilities Fund in the amounts of \$1,956,033 and \$828,962 to eliminate the negative cash balances in the General Fund and Juvenile Detention Center Special Revenue Fund, respectively.

Transfers made during the year ended December 31, 2009 were as follows:

		Transfers To			
		General	Public Assistance	Nonmajor Governmental Funds	Total
Transfers From	General	\$0	\$321,662	\$1,248,590	\$1,570,252
	Nonmajor Governmental Funds	8,529	0	68,745	77,274
	Total	\$8,529	\$321,662	\$1,317,335	\$1,647,526

Transfers were made to move unrestricted balances to support programs and projects accounted for in other funds. Monies were transferred from the General Fund, the Real Estate Assessment Fund, and the DRETAC Treasurer Fund to nonmajor debt service funds to make debt service payments. Transfers were made from the Special Prosecution Fund and the Governor's Energy Smart Grant Fund to the General Fund to close out the special revenue funds since activity within those funds had ceased and the monies were not due back to another agency.

NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS / JOINT VENTURE

ADAMS, LAWRENCE, SCIOTO ALCOHOL, DRUG ADDICTION, AND MENTAL HEALTH SERVICES BOARD - JOINTLY GOVERNED ORGANIZATION

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

The three-county ADAMHS Board is governed by a board consisting of 18 members. The breakdown is as follows: four members are appointed by the Ohio Director of Alcohol and Drug Addiction Services, four are appointed by the Ohio Director of Mental Health Services, four each are appointed by Scioto and Lawrence Counties and two are appointed by Adams County. The main sources of revenue for this board are grants from the two State departments. Outside agencies are contracted by the Board to provide service for the Board. Financial records are maintained by the Scioto County Auditor and Treasurer. Each county has a participation percentage based upon the number of board members appointed. Scioto County appoints four members, which represents 40 percent of the total members appointed by the three counties. The ADAMHS Board received a contribution from the County of \$2,000 during 2009.

OHIO VALLEY RESOURCE CONSERVATION AND DEVELOPMENT AREA, INC. - JOINTLY GOVERNED ORGANIZATION

The Ohio Valley Resource Conservation and Development Area, Inc. is a jointly governed organization that is operated as a non-profit corporation. The Ohio Valley Resource Conservation and Development Area, Inc. was created to aid regional planning to participating counties. Scioto County, along with Ross, Vinton, Highland, Brown, Adams, Pike, Jackson, Gallia, and Lawrence Counties each appoint three members to the 30 member Council. The Council selects an administrator to oversee operations. The Ohio Valley Resource Conservation and Development Area, Inc. received no contributions from the County during 2009; other revenues are from USDA grants. Scioto County does not have any ongoing financial interest or responsibilities nor can it significantly influence management.

WORKFORCE INVESTMENT BOARD - JOINTLY GOVERNED ORGANIZATION

The Workforce Investment Board is a jointly governed organization of representatives from the private and public sectors of Pike, Scioto, Adams, and Brown Counties appointed by the county commissioners from each county. The 48 member board includes 12 members from each participating county and includes 51 percent of its members from the private sector. The remaining members include individuals from education, one-stop partners, juvenile justice centers, labor organizations, local public housing and former participants. The Workforce Investment Board typically meets three to four times per year and is responsible for the five-year plan, selecting one-stop operators, selecting youth providers and coordinating all activities in association with Workforce Improvement Act funds. This board enables the participating counties to have more local control over the programs which they assist in overseeing. The Workforce Investment Board received no contributions from the County during 2009.

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

OHIO VALLEY REGIONAL DEVELOPMENT COMMISSION - JOINTLY GOVERNED ORGANIZATION

The Ohio Valley Regional Development Commission is a jointly governed organization that serves a 12 county economic development planning district in southern Ohio. The commission was formed to favorably influence the future economic, physical and social development of Adams, Brown, Clermont, Fayette, Gallia, Highland, Jackson, Lawrence, Pike, Ross, Scioto, and Vinton Counties. Membership is comprised of elected and appointed county, municipal and township officials or their officially appointed designees, as well as members of the private sector, community action agencies and regional planning commissions. The commission is not dependent upon Scioto County for its existence. The County contributed \$12,913 to the Commission during the year.

SCIOTO COUNTY COMMUNITY ACTION ORGANIZATION - JOINTLY GOVERNED ORGANIZATION

The Scioto County Community Action Organization (CAO) is an IRS 502C3 non-profit organization established to plan, develop, and coordinate programs and services designed to combat problems of poverty and seek the elimination of the conditions of poverty that affect the residents of Scioto County. The CAO administers the Workforce Investment Act grant. The CAO Board is comprised of local public officials. The CAO controls its own operations and budget. In 2009, the County made no contributions to the CAO.

SOUTHERN OHIO DEVELOPMENT INITIATIVE - JOINTLY GOVERNED ORGANIZATION

The Southern Ohio Development Initiative was created with assistance from the U.S. Department of Energy to assist in the development of industrial areas to offset the potential downsizing and privatization of the Uranium Enrichment Plant in Piketon, Ohio. It is a legally separate, not-for-profit corporation with representatives from each of the counties impacted by the events at the Piketon Plant. The counties involved in this initiative are Pike, Ross, Scioto and Jackson Counties. The County has no authority to impose its will on the organization nor is a burden/benefit relationship in existence. During 2009, the County made no payments nor received any monies from the Southern Ohio Development Initiative.

PORTSMOUTH METROPOLITAN HOUSING AUTHORITY - JOINTLY GOVERNED ORGANIZATION

The Portsmouth Metropolitan Housing Authority (the Authority) is a political subdivision that consists of five members. One member is appointed by the probate court, one member by the court of common pleas, one member by the board of county commissioners, and two members by the chief executive officer of the City of Portsmouth. The County has no ability to impose its will on the organization nor is a burden/benefit relationship in existence. The Authority received no contributions from the County during 2009.

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

SOUTHERN OHIO COUNCIL OF GOVERNMENTS - JOINTLY GOVERNED ORGANIZATION

The County is a member of the Southern Ohio Council of Governments, which is a jointly governed organization, created under the Ohio Revised Code Section 167.01. The governing body consists of a 15 member board with each participating County represented by the Director of its Board of Developmental Disabilities. Member counties include: Adams, Athens, Brown, Clinton, Fayette, Gallia, Highland, Jackson, Lawrence, Meigs, Pickaway, Pike, Ross, Scioto, and Vinton Counties. The County paid the Council \$36,119 for services provided during the year. Financial statements can be obtained from the Southern Ohio Council of Governments, 17273 St. Rt. 104, Building 8, Chillicothe, Ohio, 45601.

JOINT SOLID WASTE DISTRICT - JOINT VENTURE

The County participates in a joint venture with Lawrence County, the Joint Solid Waste District (the District). The purpose of the District is to make disposal of waste in the two-county area more comprehensive in terms of recycling, incinerating, and land filling. Each of the governments supports the District and shares in an equal percentage of equity. The degree of control exercised by each participating County is limited to its representation on the Board. The Board of Directors consists of nine members, including one County Commissioner from each County. Maintenance of the financial records pertaining to the operation of the District rotates between the two counties every third year. Lawrence County maintained the records in 2009.

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

The District is not accumulating significant financial resources and is not experiencing fiscal stress that may cause an additional financial benefit or burden on the members in the future. The County's investment interest in the District was \$140,292 as of December 31, 2009. Complete financial statements can be obtained from the Solid Waste District at 305 North 5th Street, Ironton, OH 45638.

NOTE 19 - RISK SHARING POOL / GROUP PURCHASING POOL

COUNTY RISK SHARING AUTHORITY, INC. (CORSA)

The County Risk Sharing Authority, Inc. (CORSA) is a risk sharing pool among 60 counties in Ohio. CORSA was formed as an Ohio non-profit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverage provided by CORSA. The coverage includes comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance.

NOTE 19 - RISK SHARING POOL / GROUP PURCHASING POOL (Continued)

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

CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payments of the certificates. The County does not have an equity interest in CORSA. The County's payment for insurance to CORSA in 2009 was \$344,059. Financial statements may be obtained by contacting the County Commissioners' Association of Ohio at 209 East State Street, Columbus, Ohio 43215-4309.

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

The County is participating in the County Commissioners' Association of Ohio Workers' Compensation Group Rating Plan as established under Section 4123.29 of the Ohio Revised Code. The County Commissioners' Association of the Ohio Service Corporation (CCAOSC) was established through the County Commissioners' Association of Ohio as a group purchasing pool. A group executive committee is responsible for calculating annual rate contributions and rebates; approving the selection of a third party administrator; reviewing and approving proposed third party fees, fees for risk management services, and general management fees; determining ongoing responsibility of each participant; and performing any other acts and functions which may be delegated to it by the participating employers. The group executive committee consists of seven members. Two members are the president and the treasurer of the CCAOSC; the remaining five members are representatives of the participants. These five members are elected for the ensuing year by the participants at a meeting held in the month of December each year. No participant can have more than one member on the group executive committee in any year, and each elected member shall be a county commissioner. Financial statements may be obtained by contacting the County Commissioners' Association of Ohio at 209 East State Street, Columbus, Ohio 43215-4309.

NOTE 20 - RELATED ORGANIZATION

SOUTHERN OHIO PORT AUTHORITY

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

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

NOTE 21 - CONTRACTUAL COMMITMENTS

As of December 31, 2009, the County had the following contractual purchase commitments for various projects:

Project/Contractor	Contract Amount	Amount Expended	Balance at December 31, 2009
<i>Hayport Bridge - DGM</i>	\$3,733,452	\$3,227,740	\$505,712
<i>Manufactured Home Valuation - Tyler Technologies, Inc.</i>	7,000	6,160	840
<i>Reappraisal - Tyler Technologies, Inc.</i>	756,000	464,180	291,820
<i>Digital Images - Tyler Technologies, Inc.</i>	22,500	20,250	2,250
<i>Ginat Run Dredging Project - E.L. Robinson</i>	45,000	34,200	10,800
<i>Eden Park Sanitary Sewer Project - Strand & Associates</i>	506,600	134,655	371,945
<i>Minford Sewer Extension - EMH&T</i>	3,595,000	452,739	3,142,261
Totals	<u>\$8,665,552</u>	<u>\$4,339,924</u>	<u>\$4,325,628</u>

NOTE 22 - CONTINGENT LIABILITIES

LITIGATION

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

FEDERAL AND STATE GRANTS

For the period January 1, 2009, to December 31, 2009, the County received federal and State grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the County believes such disallowance, if any, would be immaterial.

NOTE 23 - RELATED PARTY TRANSACTIONS

STAR, Inc., a discretely presented component unit of Scioto County, received contributions from the County for facilities, salaries, and fringe benefits. These contributions are reflected as operating revenues and expenses at cost or fair value as applicable, in the financial statements of STAR, Inc. In 2009, these contributions were \$140,894.

The Scioto County Airport Authority, a discretely presented component unit of Scioto County, received contributions from the County for facilities, salaries, and fringe benefits. These contributions are reflected as operating revenues and expenses at cost or fair value as applicable, in the financial statements of the Scioto County Airport Authority. In 2009, these contributions were \$58,414.

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

NOTE 24 – FISCAL EMERGENCY

The County has suffered recurring losses from operations and has a net asset deficiency. On August 19, 2009, the Ohio Auditor of State declared Scioto County in fiscal emergency, as defined by Ohio Revised Code Section 118.03. The declaration resulted in the establishment of a financial planning and supervision commission. The Commission is comprised of a representative of the Office of Budget and Management, a representative of the Treasurer of State, the Chairman of the Scioto County Commissioners, the County Auditor, and three individuals appointed by the Governor who are residents of the County and meet certain criteria. The Commission will be responsible for approving a financial recovery plan that eliminates the fiscal emergency conditions, balances the budget and avoids future deficits.

In accordance with Ohio Revised Code Section 118.06, the County is required to submit to the Commission a financial recovery plan which outlines the measures to be taken to eliminate the fiscal emergency conditions. The Commission approved the initial recovery plan in April 2010.

NOTE 25 - RESTATEMENT OF PRIOR YEAR NET ASSETS

For 2009, a restatement of nondepreciable capital assets was necessary to properly record the construction in progress relating to a bridge replacement project that had began in 2008, but had been excluded from capital assets.

	<u>Governmental Activities</u>
Net Assets, December 31, 2008, as Previously Reported	\$79,192,799
Restatement of Nondepreciable Capital Assets	<u>1,960,660</u>
Net Assets, December 31, 2008, as Restated	<u><u>\$81,153,459</u></u>

NOTE 26 – SUBSEQUENT EVENT

During 2010, the County received a notification of award for the construction phase of the Minford Sewer Line Extension Project. The total project is estimated to cost \$29,660,200. A portion of the project will be funded with a Rural Development loan in the amount of \$14,912,000 and a portion will be funded with a Rural Development grant in the amount of \$14,507,000 through the US Department of Agriculture. The remainder will be funded with connection and tap fees.

During 2010, the County received a notification of award for the construction phase of the Eden Park Sewer Improvement Project. The total project is estimated to cost \$2,949,500. The project will be funded with a Rural Development loan through the US Department of Agriculture in the amount of \$1,388,000, a Rural Development grant in the amount of \$962,000, a loan through the Ohio Public Works Commission in the amount of \$300,000, a grant through the Appalachian Regional Commission in the amount of \$250,000 and local monies in the amount of \$49,500.

NOTE 27 - DISCRETELY PRESENTED COMPONENT UNITS

STAR, INC.

As indicated in Note 1 to the basic financial statements, the following disclosures are made on behalf of STAR, Inc.:

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

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

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

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

Capital Assets - A summary of STAR, Inc.’s capital assets at December 31, 2009, follows:

Machinery and Equipment	\$248,227
Less: Accumulated Depreciation	<u>(206,375)</u>
Total Capital Assets (net)	<u><u>\$41,852</u></u>

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

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

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

	Principal Outstanding at 12/31/2008	Additions	Deletions	Principal Outstanding at 12/31/2009	Due Within One Year
Truck Loan - 2006	\$8,208	\$0	\$4,155	\$4,053	\$4,053
7.00% - \$15,965	\$8,208	\$0	\$4,155	\$4,053	\$4,053

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

NOTE 27 - DISCRETELY PRESENTED COMPONENT UNITS (Continued)

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

		Pickup Truck Loan	
		Principal	Interest
2010		\$4,053	\$141

SCIOTO COUNTY AIRPORT AUTHORITY

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

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

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

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

Capital Assets - A summary of the Scioto County Airport Authority’s capital assets at December 31, 2009, follows:

Land	\$365,737
Construction in Progress	159,960
Land Improvements	536,712
Buildings	1,606,373
Machinery and Equipment	135,382
Vehicles	95,500
Infrastructure	423,816
Less: Accumulated Depreciation	(913,727)
Total Capital Assets (net)	\$2,409,753

Due to Primary Government - This amount is due to the Primary Government for the payment of the Airport Hanger Bond Anticipation Note. The Scioto County Airport Authority owes the Primary Government \$55,000 on the 2007 Airport Hangar Bond Anticipation Note as of year-end.

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

NOTE 27 - DISCRETELY PRESENTED COMPONENT UNITS (Continued)

SCIOTO COUNTY AIRPORT AUTHORITY (Continued)

Restatement of Prior Year Net Assets - For 2009, a restatement of nondepreciable capital assets was necessary to properly record the construction in progress relating to a taxiway lighting project that had been improperly excluded from capital assets in 2008.

	<u>Business-Type Activities</u>
Net Assets, December 31, 2008, as Previously Reported	\$2,302,917
Restatement of Nondepreciable Capital Assets	<u>51,439</u>
Net Assets, December 31, 2008, as Restated	<u><u>\$2,354,356</u></u>

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SCIOTO COUNTY

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

<u>FEDERAL GRANTOR/Pass Through Grantor/Program Title</u>	<u>Pass Through Entity Number</u>	<u>CFDA Number</u>	<u>Disbursements</u>
UNITED STATES DEPARTMENT OF AGRICULTURE			
<i>Passed through Ohio Department of Education</i>			
Nutrition Cluster:			
School Breakfast Program	142612-05PU-2009	10.553	\$ 4,440
	142612-05PU-2010		1,030
Total School Breakfast Program			5,470
National School Lunch Program	142612-LLP4-2009	10.555	8,206
	142612-LLP4-2010		1,874
Total National School Lunch Program			10,080
Total Nutrition Cluster			15,550
<i>Passed through Ohio Department of Job and Family Services</i>			
Supplemental Nutrition Assistance (Food Assistance) Cluster:			
Food Assistance Refunds	G-89-20-1143/G-1011-11-5110	10.551	10,390
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	G-89-20-1143/G-1011-11-5110	10.561	819,559
ARRA - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	G-89-20-1143/G-1011-11-5110		65,457
Total Supplemental Nutrition Assistance (Food Assistance) Cluster			895,406
TOTAL UNITED STATES DEPARTMENT OF AGRICULTURE			910,956
UNITED STATES DEPARTMENT OF DEFENSE			
<i>Direct from the United States Department of Defense, Department of the Army</i>			
Planning Assistance to States	N/A	12.110	271,137
TOTAL UNITED STATES DEPARTMENT OF DEFENSE			271,137
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Passed through Ohio Department of Development:</i>			
Community Development Block Grants - State's Program	B-F-08-068-1	14.228	186,794
	B-F-07-068-1		47,284
	B-C-06-068-1		1,142
Total Community Development Block Grants - State's Program			235,220
<i>Passed through Vinton County, Ohio</i>			
Neighborhood Stabilization Program (NSP-1)	B-Z-08-075-1	14.228	43,911
Total Community Development Block Grant			279,131
<i>Passed through Ohio Department of Development</i>			
Home Investment Partnerships Program	B-C-06-068-2	14.239	28,979
TOTAL UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			308,110
UNITED STATES DEPARTMENT OF JUSTICE			
<i>Passed through the Ohio Department of Youth Services</i>			
Title V Delinquency Prevention Program	2007-JV-T50-5120	16.548	44,686
<i>Passed through the Office of the Ohio Attorney General</i>			
Crime Victim Assistance (VOCA)	2008VACHAE760	16.575	249
<i>Passed through the National CASA</i>			
Victims of Child Abuse	OH11162-07-0707-N1	16.547	665
<i>Direct from the United States Department of Justice</i>			
Bulletproof Vest Partnership Program	N/A	16.607	5,525
<i>Passed through the City of Portsmouth, Ohio</i>			
Edward Byrne Memorial Justice Assistance Grant Program	2006-F1945-OH-DJ	16.738	8,635
<i>Passed through the Ohio Office of Criminal Justice Services</i>			
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States	2009-RA-D01-2190	16.803	10,507
	2009-RA-D01-2174		12,612
Total Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States			23,119
TOTAL UNITED STATES DEPARTMENT OF JUSTICE			82,879

(continued)

SCIOTO COUNTY

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

<u>FEDERAL GRANTOR/Pass Through Grantor /Program Title</u>	<u>Pass Through Entity Number</u>	<u>CFDA Number</u>	<u>Disbursements</u>
<u>UNITED STATES DEPARTMENT OF TRANSPORTATION</u>			
<i>Direct from the United States Federal Aviation Administration</i>			
Airport Improvement Program	3-39-0069-1108	20.106	11,447
	3-39-0069-1208		23,891
	3-39-0069-1309		83,055
Total Airport Improvement Program			118,393
<i>Passed Through Ohio Department of Transportation</i>			
Highway Planning and Construction - Grant	85683	20.205	231,929
	85339		23,217
Total Highway Planning and Construction			255,146
Formula Grants for Other Than Urbanized Areas	RPT-4073-027-091	20.509	382,393
	RPT-7000-027-081		476
			382,869
ARRA - Formula Grants for Other Than Urbanized Areas	RPTS-0073-001-093	20.509	43,402
Total Formual Grants for Other Than Urbanized Areas			426,271
<i>Total Passed Through Ohio Department of Transportation</i>			
			681,417
<u>UNITED STATES DEPARTMENT OF TRANSPORTATION</u>			
<i>Passed Through Ohio Department of Public Safety - Governor's Highway Safety Office</i>			
State and Community Highway Safety	HVEO-2009-73-00-00-00213-00	20.600	26,280
	HVEO-2010-73-00-00-00338-00		5,081
Total State and Community Highway Safety			31,361
<i>Passed Through Ohio Environmental Protection Agency</i>			
Interagency Hazardous Materials Public Sector Training and Planning Grants	HMEP 16th Year	20.703	4,258
	HMEP 15th Year Supplemental		2,616
Total Interagency Hazardous Materials Public Sector Training and Planning Grants			6,874
TOTAL UNITED STATES DEPARTMENT OF TRANSPORTATION			838,045
<u>UNITED STATES ELECTION ASSISTANCE COMMISSION</u>			
<i>Passed through Ohio Secretary of State</i>			
Help America Vote Act Requirement Payments	N/A	90.401	1,785
TOTAL UNITED STATES ELECTION ASSISTANCE COMMISSION			1,785
<u>UNITED STATES DEPARTMENT OF HOMELAND SECURITY</u>			
<i>Passed through Ohio Emergency Management Agency</i>			
Emergency Management Performance Grants	2007-EM-E7-0024	97.042	15,000
	2008-EM-E8-0002		29,699
	2009-EP-E9-0061		9,562
Total Emergency Management Performance Grants			54,261
Citizen Corps Program - CC07	2007-GE-T7-0030	97.067	4,146
State Homeland Security Program - SHSP07	2007-GE-T7-0030		80,562
State Homeland Security Program - SHSP08	2008-GE-T8-0025		62,664
Total State Homeland Security Program			147,372
TOTAL UNITED STATES DEPARTMENT OF HOMELAND SECURITY			201,633
<u>UNITED STATES DEPARTMENT OF EDUCATION</u>			
<i>Passed through Ohio Department of Education</i>			
Special Education Cluster:			
Special Education - Grants to States	078063-6BSF-2009	84.027	46,445
	078063-6BSF-2010		28,977
Total Special Education - Grants to States			75,422
Special Education - Preschool Grants	078063-PGS1-2009	84.173	8,423
	078063-PGS1-2010		4,705
Total Special Education - Preschool Grants			13,128
Total Special Education Cluster			88,550
State Grants for Innovative Programs	078063-C2S1-2009	84.298	219
<i>Total Passed through the Ohio Department of Education</i>			88,769
<i>Passed through Ohio Department of Health</i>			
Special Education - Grants for Infants and Families with Disabilities	73-6-001-1-IHO-209	84.181	42,000
	73-6-001-1-IHO-310		22,916
			64,916
<i>Passed through Scioto County Family and Children First Council</i>			
Special Education - Grants for Infants and Families with Disabilities	73-5-001-1-HG-0209	84.181	76,899
Total Special Education - Grants for Infants and Families with Disabilities			141,815
TOTAL UNITED STATES DEPARTMENT OF EDUCATION			230,584

(continued)

SCIOTO COUNTY

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

<u>FEDERAL GRANTOR/Pass Through Grantor /Program Title</u>	<u>Pass Through Entity Number</u>	<u>CFDA Number</u>	<u>Disbursements</u>
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed through the Ohio Department of Job and Family Services</i>			
Promoting Safe and Stable Families	G-89-20-1143/G-1011-11-5110	93.556	35,431
Temporary Assistance for Needy Families	G-89-20-1143/G-1011-11-5110	93.558	5,054,274
Child Support Enforcement	G-89-20-1143/G-1011-11-5110	93.563	353,750
ARRA - Child Support Enforcement	G-89-20-1143/G-1011-11-5110		162,645
Total Child Support Enforcement			516,395
Child Care Cluster:			
Child Care and Development Block Grant	G-89-20-1143/G-1011-11-5110	93.575	672,522
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	G-89-20-1143/G-1011-11-5110	93.596	919,851
ARRA - Child Care and Development Block Grant	G-89-20-1143/G-1011-11-5110	93.713	160,000
Total Child Care Cluster			1,752,373
Child Welfare Services - State Grants	G-89-20-1143/B-1011-11-5110	93.645	72,166
Foster Care - Administration and Training	G-89-20-1143/B-1011-11-5110	93.658	245,991
Foster Care - Maintenance			381,384
ARRA- Foster Care - Maintenance			33,939
Foster Care - Purchased Administration			106,616
Total Foster Care			767,930
Adoption Assistance - Administration and Training	G-89-20-1143/B-1011-11-5110	93.659	293,725
Adoption Assistance - Adopt Ohio Kids			22,839
Adoption Assistance - Non-recurring Adoption			1,624
Total Adoption Assistance			318,188
Child Abuse and Neglect State Grants	G-89-20-1143/B-1011-11-5110	93.669	1,817
Chafee Foster Care Independence Program	G-89-20-1143/B-1011-11-5110	93.674	18,577
<i>Total Passed through the Ohio Department of Job and Family Services</i>			8,537,151
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Social Services Block Grant:</i>			
<i>Passed through Ohio Department of Developmental Disabilities</i>			
Social Services Block Grant- Title XX	08-09	93.667	32,540
	09-10		31,066
Total Social Services Block Grant Passed through Ohio Department of Developmental Disabilities			63,606
<i>Passed through Ohio Department of Job and Family Services</i>			
Social Services Block Grant	G-89-20-1143/B-1011-11-5110	93.667	489,932
Total Social Services Block Grant			553,538
<i>Medical Assistance Program:</i>			
<i>Passed through Ohio Department of Developmental Disabilities</i>			
ARRA - Medical Assistance Program- Title XIX			
Targeted Case Management (TCM)	N/A	93.778	26,392
Individual Options (IO)/ Level 1 (L1) Waiver	N/A		101,791
Total ARRA - Medical Assistance Program- Title XIX			128,183
<i>Passed through Ohio Department of Job and Family Services</i>			
Medical Assistance Program	G-89-20-1143/B-1011-11-5110	93.778	938,383
Total Medical Assistance Program			1,066,566
<i>Passed through Ohio CASA/GAL Association</i>			
State Court Improvement Program	N/A	93.586	429
<i>Passed through Ohio Secretary of State</i>			
Voting Access for Individuals with Disabilities_Grants to States	06-SOS-HHHS-73	93.617	6,317
<i>Passed through Ohio Developmental Disabilities Council</i>			
Developmental Disabilities Basic Support and Advocacy Grants	04-3/08	93.630	21,079
	04-3/09		60,777
Total Developmental Disabilities Basic Support and Advocacy Grants			81,856
<i>Passed through Ohio Department of Health</i>			
Maternal and Child Health Service Block Grant to the States	73-6-001-1-IHO-209	93.994	10,500
	73-6-001-1-IHO-310		3,334
Total Maternal and Child Health Service Block Grant to the States			13,834
TOTAL UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES			10,259,691
TOTAL FEDERAL AWARDS EXPENDITURES			\$13,104,820

The notes to the Federal Awards Expenditures Schedule are an integral part of this Schedule.

SCIOTO COUNTY

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

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

The County has established a revolving loan program to provide low-interest loans to businesses to create jobs for persons from low-moderate income households and to eligible persons and to rehabilitate homes. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the County passed through the Ohio Department of Development. The initial loan of this money is recorded as a disbursement on the accompanying Schedule. Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, and would be included as disbursements on the Schedule.

These loans are collateralized by mortgages on the property and by equipment. At December 31, 2009, the gross amount of loans outstanding under this program was \$538,559.

NOTE D - MATCHING REQUIREMENTS

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



Mary Taylor, CPA

Auditor of State

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

Scioto County
602 Seventh Street
Portsmouth, Ohio 45662

To the Board of County Commissioners:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of Scioto County, Ohio (the County), as of and for the year ended December 31, 2009, which collectively comprise the County's basic financial statements and have issued our report thereon dated November 18, 2010, wherein we noted the accompanying financial statements have been prepared assuming that the County will continue as a going concern. The County has suffered recurring losses from operations and has a net asset deficiency that raises substantial doubt about its ability to continue as a going concern. In addition, on August 19, 2009 the Auditor of State determined a fiscal emergency existed, and a financial planning and supervision commission assumed certain management responsibilities for the duration of the emergency pursuant to Chapter 118 of the Ohio Rev. Code. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our audit procedures for 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 and Questioned Costs we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2009-01 and 2009-02 described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings and Questioned Costs as items 2009-01 through 2009-005.

We also noted certain matters not requiring inclusion in this report that we reported to the County's management in a separate letter dated November 18, 2010.

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

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



Mary Taylor, CPA
Auditor of State

November 18, 2010



Mary Taylor, CPA

Auditor of State

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

Scioto County
602 Seventh Street
Portsmouth, Ohio 45662

To the Board of County Commissioners:

Compliance

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits 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.

As described in finding 2009-07 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with requirements regarding Cash Management applying to its Community Development Block Grants/State's Program CFDA # 14.228. Compliance with this requirement is necessary, in our opinion, for the County to comply with requirements applicable to this program.

In our opinion, except for the noncompliance described in the preceding paragraph, Scioto County, Ohio, complied, in all material respects, with the requirements referred to above applicable to each of its major federal programs for the year ended December 31, 2009.

The results of our auditing procedures also disclosed another 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 and Questioned Costs lists this instance as Finding 2009-06.

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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 material weaknesses.

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 deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2009-06 and 2009-07 to be a material weaknesses.

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

We also noted matters involving the internal control over federal compliance not requiring inclusion in this report, that we reported to the County's management in a separate letter dated November 18, 2010.

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



Mary Taylor, CPA
Auditor of State

November 18, 2010

SCIOTO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2009

1. SUMMARY OF AUDITOR'S RESULTS
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(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	Yes
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Qualified: Community Development Block Grants/State's Program CFDA # 14.228 Unqualified - All others
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	Yes

SCIOTO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2009
(Continued)

1. SUMMARY OF AUDITOR'S RESULTS (Continued)

(d)(1)(vii)	Major Programs (list):	Supplemental Nutrition Assistance Cluster - CFDA # 10.551/10.561 Community Development Block Grants/State's Program - CFDA # 14.228 Temporary Assistance for Family Needs - CFDA # 93.558 Child Support Enforcement Agency - CFDA # 93.563 Child Care Cluster - CFDA #93.575/93.596/93.713 Foster Care - Title IV-E- CFDA #93.658 Social Services Block Grant - CFDA #93.667 Medical Assistance Program - CFDA # 93.778
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 395,559 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

SCIOTO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2009
(Continued)

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

FINDING NUMBER 2009-01

Finding for Adjustment/Material Weakness – Not Adjusted from Previous Audit

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

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

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

Due to the financial condition discussed in Note 24 to the basic financial statements, this adjustment has not been posted by the County to its cash basis financial statements. This item has been posted to the County's basic financial statements as a receivable in the General Purpose Bond Retirement Fund (413) and an interfund payable from the General Fund to the General Purpose Bond Retirement Fund (413). On September 19, 2007, the County paid \$25,000 against the \$500,000 note and refinanced the remaining \$475,000. On September 17, 2008, the County paid \$25,000 against the \$475,000 note and refinanced the remaining \$450,000 into a new note. On September 22, 2009, the County paid another payment of \$25,000 and refinanced the remaining \$425,000 into a new note.

As a result, a Finding for Adjustment is hereby issued against the General Fund in the amount of \$425,000 and in favor of the General Purpose Bond Fund (Fund 413).

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

Officials' Response: The County accepts this finding and will continue to work to eliminate this issue as funds are available.

SCIOTO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2009
(Continued)

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

FINDING NUMBER 2009-02

Noncompliance Finding/Finding for Adjustment/Material Weakness

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

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

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

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

Due to the financial condition discussed in Note 24 to the basic financial statements, this adjustment has not been posted by the County to its cash basis financial statements. This item has been posted to the County's basic financial statements as an interfund payable in the General Fund and Public Assistance Fund and an interfund receivable in the MRDD Fund (includes both Fund 231 and Fund 503).

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

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

Officials' Response: The County acknowledges this issue and will address this issue as funds are available.

SCIOTO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2009
(Continued)

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

FINDING NUMBER 2009-03

Noncompliance Citation

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

The following funds were noted to have negative cash-basis fund balances as of December 31, 2009:

<u>Fund</u>	<u>Amount</u>
Fund 101 – General Fund	(\$2,363,343)
Fund 223 – Juvenile Detention Fund	(\$828,960)

We recommend the County Auditor monitor to ensure that money from one fund is not used to cover the expenses of another fund.

Officials’ Response: The County continues its efforts to correct the issues resulting in the deficit fund balances in the General Fund and the Juvenile Detention Center Fund. The Juvenile Detention Center facility closed in September of 2009. The County’s initial fiscal recovery plan, approved in April of 2010, calls for reducing the General Fund deficit by at least \$500,000 by the end of 2010.

FINDING NUMBER 2009-04

Noncompliance Citation

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

At December 31, 2009, the County had actual resources below the current level of appropriation in the following fund.

	Actual Resources	Appropriations	Variance
General Fund	\$12,590,891	\$14,916,223	(\$2,325,332)
Juvenile Detention Fund	49,030	837,186	(788,156)

Since the expenditure of County funds is based on the estimated resources, instances when beginning fund balances and actual receipts do not meet budgetary estimates have lead to overspending as evidenced by the negative fund balances noted in Finding 2009-03.

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

SCIOTO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2009
(Continued)

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

FINDING NUMBER 2009-04 (Continued)

Noncompliance Citation (Continued)

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

Officials' Response: The variance between actual resources and appropriations is due to the deficit carryover balances in the General Fund and the Juvenile Detention Center Fund. The County continues its efforts to correct the issues resulting in the deficit fund balances. The Juvenile Detention Center facility closed in September of 2009. The County's initial fiscal recovery plan, approved by the Financial Supervision and Planning Commission in April of 2010, calls for reducing the General Fund deficit by at least \$500,000 by the end of 2010.

FINDING NUMBER 2009-05

Noncompliance Citation

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

Appropriations exceeded total estimated resources in the following fund at December 31, 2009:

Fund Number	Fund Name	Appropriations	Estimated Resources	Variance
101	General Fund	\$14,916,223	\$12,530,880	(\$2,385,343)
223	Juvenile Detention Fund	837,186	587,706	(249,480)

In addition, for 2009 the County Auditor did not file a certificate that total appropriations from each fund did not exceed total estimated resources. This could result in expenditures exceeding total resources.

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

Officials' Response: The variance between estimated resources and appropriations is due to the deficit carryover balances in the General Fund and the Juvenile Detention Center Fund. The County continues its efforts to correct the issues resulting in the deficit fund balances. The Juvenile Detention Center facility closed in September of 2009. The County's initial fiscal recovery plan, approved by the Financial Supervision and Planning Commission in April of 2010, calls for reducing the deficit by at least \$500,000 by the end of 2010.

SCIOTO COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OMB CIRCULAR A-133 § .505

DECEMBER 31, 2009

(Continued)

3. FINDINGS FOR FEDERAL AWARDS AND QUESTIONED COSTS
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Finding Number	2009-06
CFDA Title and Number	SNAP Cluster, CFDA #10.551 and 10.561; Medicaid, CFDA# 93.778; Temporary Assistance for Family Needs, CFDA #93.558; Child Care Cluster, CFDA #93.575, 93.596, 93.713; Social Services Block Grant, CFDA #93.667; Child Support Enforcement CFDA #93.563
Federal Award Number / Year	G-89-20-1143, G-1011-11-5110
Federal Agency	United States Department of Agriculture, United States Department of Health and Human Services
Pass-Through Agency	Ohio Department of Job and Family Services

Noncompliance/Material Weakness/Questioned Cost

2 C.F.R. Part 225 App B. Section 37.c indicates rental costs under “less-than-arm’s-length” leases are allowable only up to the amount (as explained in section 37.b of the appendix) that would be allowable had title to the property vested in the County. For this purpose, a less-than-arm’s-length lease is one under which one party to the lease agreement (the County) is able to control or substantially influence the actions of the other (the County Department of Job and Family Services). Such leases included, but are not limited to those between divisions of a governmental unit. 2 C.F.R. Part 225 App.B Section 37.b indicates the allowable amounts to be considered had the County Job and Family Services held title to the property include expenses such as depreciation or use allowance, maintenance, taxes and insurance.

2 C.F.R. Part 225 App. B Section 23.b states financing costs (including interest) paid or incurred which are associated with the otherwise allowable costs of building acquisition, construction, or fabrication, reconstruction or remodeling completed on or after October 1, 1980 is allowable subject to the conditions in Section 23.b (1) through (4) of the appendix.

Additionally, Ohio Admin. Code Section 5101:9-4-11(A) states, the county family service agency shall follow federal, state, and local regulations when seeking federal financial participation for costs associated with the rent or lease of property or equipment. The costs must be necessary and reasonable for proper and efficient performance and administration of the specific program financing the cost and must be in compliance with Office of Budget and Management (OMB) Circular A-87, attachment B and Code of Federal Regulations 2 C.F.R. Part 225.

The Scioto County Job and Family Services department leases a facility from Scioto County Board of Commissioners. Since both parties are divisions of the same governmental unit, this lease agreement constitutes a “less-than-arm’s-length” agreement and is therefore subject to the limitations of 2 C.F.R. Part 225, App. B Section 37.c.

During 2009, a total of \$298,138 of rental payments was paid by the Scioto County Job and Family Services department to the Scioto County Board of Commissioners. Maintenance is paid directly by the County Job and Family Services department, and insurance is part of the Cost Allocation Plan. Therefore, maintenance and insurance are not included as part of the rent. The unallowable cost is shown in the schedule below:

SCIOTO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2009
(Continued)

3. FINDINGS FOR FEDERAL AWARDS (Continued)

Finding Number	2009-06 (Continued)
CFDA Title and Number	SNAP Cluster, CFDA #10.551 and 10.561; Medicaid, CFDA# 93.778; Temporary Assistance for Family Needs, CFDA #93.558; Child Care Cluster, CFDA #93.575, 93.596, 93.713; Social Services Block Grant, CFDA #93.667; Child Support Enforcement CFDA #93.563
Federal Award Number / Year	G-89-20-1143, G-1011-11-5110
Federal Agency	United States Department of Agriculture, United States Department of Health and Human Services
Pass-Through Agency	Ohio Department of Job and Family Services

Noncompliance/Material Weakness/Questioned Cost (Continued)

Acquisition Cost of the Building	\$5,962,753
Expected Useful Life of the Asset	50 Years
Annual Depreciation Calculation:	\$119,255
Annual Interest on Building Bond (2009)	<u>25,065</u>
Total Allowable Rental Cost	\$144,320
Total Rent Paid by Scioto County JFS	<u>\$298,138</u>
Unallowable rental costs (questioned costs)	<u><u>\$153,818</u></u>

The \$153,818 excess cost was allocated through an indirect cost pool to the Job and Family Service departments federally funded programs as noted in the following table. Of the \$153,818 allocated to the individual programs, \$100,050 was funded from Federal dollars and the remaining \$53,768 was funded from state (GRF) monies, which is in violation of Ohio Admin. Code Section 5101:9-4-11(A) listed above.

SCIOTO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2009
(Continued)

3. FINDINGS FOR FEDERAL AWARDS (Continued)

Finding Number	2009-06 (Continued)
CFDA Title and Number	SNAP Cluster, CFDA #10.551 and 10.561; Medicaid, CFDA# 93.778; Temporary Assistance for Family Needs, CFDA #93.558; Child Care Cluster, CFDA #93.575, 93.596, 93.713; Social Services Block Grant, CFDA #93.667; Child Support Enforcement CFDA #93.563
Federal Award Number / Year	G-89-20-1143, G-1011-11-5110
Federal Agency	United States Department of Agriculture, United States Department of Health and Human Services
Pass-Through Agency	Ohio Department of Job and Family Services

Noncompliance/Material Weakness/Questioned Cost (Continued)

Grant	CFDA #	Total Excess Rent by Program	Excess Rent Funded from Federal Programs Dollars
SNAP	10.551, 10.561	\$34,145	\$17,448
Medicaid	93.778	27,809	13,905
TANF	93.558	58,017	58,017
Child Care Block Grant	93.575, 93.596, 93.713	7,185	7,185
Social Services Block Grant	93.667	7,838	3,495
Child Support Enforcement	93.563	18,824	0
Total Unallowable Rental Costs		\$153,818	\$100,050

The excess rent paid with TANF, SNAP, and Medicaid dollars are in excess of \$10,000 and therefore considered questioned costs under OMB Circular A133 § .510(a)(3).

The Board of County Commissioners should modify the building lease agreement with the County JFS so that the lease amount will not exceed the amount allowed in accordance with applicable requirements.

Officials' Response: The County will contest the methodology used to reach this conclusion.

SCIOTO COUNTY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2009
(Continued)**

3. FINDINGS FOR FEDERAL AWARDS (Continued)

Finding Number	2009-07
CFDA Title and Number	Community Development Block Grants/State's Program CFDA # 14.228
Federal Award Number / Year	B-F-08-068-1
Federal Agency	United States Department of Housing and Urban Development
Pass-Through Agency	Ohio Department of Development

Noncompliance Citation/Material Weakness – Cash Management

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

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

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

Draw number 298 was requested on April 23, 2009 in the amount of \$16,800 for general administration. The County received the funding on May 19, 2009. Disbursements within the 15 day period totaled \$604.60 leaving \$16,195.40 not disbursed within fifteen days. Therefore, the money was not expended within the fifteen days of receipt as required, and the balance exceeded \$5,000 until August 11, 2009.

Draw number 301 was requested on September 10, 2009 in the amount of \$35,400 for public relations. The County received the funding on November 17, 2009. Disbursements within the 15 day period totaled \$357, leaving \$35,043 not disbursed within fifteen days. Therefore, money was not expended within fifteen days of receipt as required, and the balance exceeded \$5,000 until February 4, 2010.

Draw number 301 was requested on September 10, 2009 in the amount of \$35,000 for neighborhood facilities/community center, specifically for the 17th street Armory project. The County received this funding on November 17, 2009. Disbursements within the 15 day period totaled \$343, leaving \$34,657 not disbursed within fifteen days. Therefore, money was not expended within fifteen days of receipt as required, and the balance exceeded \$5,000 until January 25, 2010.

Draw number 304 dated November 17, 2009 was requested in the amount of \$10,900 for public services. The County received the funding on December 21, 2009. There were no disbursements during the 15 day period therefore, the money was not expended within the fifteen days of receipt as required, and the balance exceeded \$5,000 until January 28, 2010.

SCIOTO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2009
(Continued)

3. FINDINGS FOR FEDERAL AWARDS (Continued)

Finding Number	2009-07
CFDA Title and Number	Community Development Block Grants/State's Program CFDA # 14.228
Federal Award Number / Year	B-F-08-068-1
Federal Agency	United States Department of Housing and Urban Development
Pass-Through Agency	Ohio Department of Development

Noncompliance Citation/Material Weakness – Cash Management

Draw number 300 dated August 17, 2009 was requested in the amount of \$21,000 for Neighborhood Facilities/Community Center, specifically Morgan Township. The County received the funding on September 14, 2009. Disbursements during the 15 day period totaled \$416.50, leaving \$20,583.50 not disbursed within the fifteen days. Therefore, money was not expended within fifteen days of receipt as required, and the balance exceeded \$5,000 until December 10, 2009.

Draw number 300 dated August 17, 2009 was requested in the amount of \$39,000 for Senior Centers, specifically Morgan Township. The County received the funding on September 14, 2009. Disbursements during the 15 day period totaled \$315.00, leaving \$38,685 not disbursed within the fifteen days. Therefore, money was not expended within fifteen days of receipt as required, and the balance exceeded \$5,000 until October 15, 2009.

Draw number 302 was requested October 8, 2009 in the amount of \$11,200 for Neighborhood Facilities/Community Center, specifically 17th Street Armory Project. The County received the funding on November 23, 2009. There were no disbursements within the 15 day period. Therefore, the money was not expended within the fifteen days of receipt as required, and the balance exceeded \$5,000 until January 25, 2010.

Lastly, draw number 302 was requested October 8, 2009 in the amount of \$15,300 for public rehabilitation. The County received the funding on November 23, 2009. There were no disbursements within the 15 day period. Therefore, the money was not expended within the fifteen days of receipt as required, and the balance exceeded \$5,000 until February 4, 2010.

Based on our testing utilizing the 3.0% average 2009 U.S. Treasury Current Value of Funds Rate we estimated the imputed interest could have been \$584.41 for the year ended December 31, 2009.

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

Officials' Response: The County accepts this finding and will continue to work toward the elimination of this issue.

SCIOTO COUNTY

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	A Finding for Adjustment was issued under Ohio Rev. Code Section 133.22 for using capital improvement bond anticipation note proceeds for short term expenses.	No	Not Corrected. Reissued as Finding Number 2009-01.
2008-002	A citation was issued under Ohio Rev. Code Section 5705.10(H) for making lease payments from incorrect funds	No	Not Corrected. Reissued as Finding Number 2009-02.
2008-003	A citation was issued under Ohio Rev. Code Section 5705.10 (H) for negative fund balances at year end.	No	Not Corrected. Reissued as Finding Number 2009-03.
2008-004	A citation was issued under Ohio Rev. Code Section 5705.36 for not obtaining a reduced amended certificate of estimated resources and not reducing appropriations when budgeted revenues greatly exceeded actual revenues.	No	Not Corrected. Reissued as Finding Number 2009-04.
2008-005	A citation was issued under Ohio Rev. Code Section 5705.39	No	Not Corrected. Reissued as Finding Number 2009-05.
2008-006	A citation was issued under Ohio Rev. Code Section 5705.41(B) for expenditures exceeding appropriations at year end.	No	Partially Corrected. Reissued as Management Letter Comment
2008-007	A citation was issued under OMB Circular A-133 §.300(d) for inaccurate reporting of federal awards	Yes	Corrected.
2008-008	Noncompliance with Federal Fifteen Day Rule requirement for prompt disbursement of Community Development Block Grant funds.	No	Not Corrected. Reissued as Finding Number 2009-07.
2008-009	Noncompliance with Reporting requirement for not accurately completing the Final Performance Report for Community Development Block Grant funds.	Yes	Corrected.

SCIOTO COUNTY

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

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2009-01	The County accepts this finding and will continue to work to eliminate this issue as funds are available.	Unknown	Tom Reiser, County Commissioner
2009-02	The County acknowledges this issue and will address this issue as funds are available.	Unknown	Tom Reiser, County Commissioner
2009-03	The County continues its efforts to correct the issues resulting in the deficit fund balances in the General Fund and the Juvenile Detention Center Fund. The Juvenile Detention Center facility closed in September of 2009. The County's initial fiscal recovery plan, approved in April of 2010, calls for reducing the General Fund deficit by at least \$500,000 by the end of 2010.	Unknown	David Green, County Auditor
2009-04	The variance between actual resources and appropriations is due to the deficit carryover balances in the General Fund and the Juvenile Detention Center Fund. The County continues its efforts to correct the issues resulting in the deficit fund balances. The Juvenile Detention Center facility closed in September of 2009. The County's initial fiscal recovery plan, approved by the Financial Supervision and Planning Commission in April of 2010, calls for reducing the General Fund deficit by at least \$500,000 by the end of 2010.	Unknown	David Green, County Auditor
2009-05	The variance between estimated resources and appropriations is due to the deficit carryover balances in the General Fund and the Juvenile Detention Center Fund. The County continues its efforts to correct the issues resulting in the deficit fund balances. The Juvenile Detention Center facility closed in September of 2009. The County's initial fiscal recovery plan, approved by the Financial Supervision and Planning Commission in April of 2010, calls for reducing the deficit by at least \$500,000 by the end of 2010.	Unknown	David Green, County Auditor
2009-06	The County will contest the methodology used to reach this conclusion.	Unknown	Tom Reiser, County Commissioner
2009-07	The County accepts this finding and will continue to work toward the elimination of this issue.	Unknown	Tom Reiser, County Commissioner

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Mary Taylor, CPA
Auditor of State

SCIOTO COUNTY FINANCIAL CONDITION

SCIOTO COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 7, 2010**