



**Auditor of State  
Betty Montgomery**



**ADAMS COUNTY**  
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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Adams County  
110 West Main Street  
West Union, Ohio 45693

To the Board of County Commissioners:

We have audited the accompanying financial statements of Adams County, Ohio (the County), as of and for the year ended December 31, 2002. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

Ohio Administrative Code, Section 117-2-03 (B), requires the County to prepare its annual financial report in accordance with generally accepted accounting principles. However, as discussed in Note 1, the accompanying financial statements and notes have been prepared on a basis of accounting in accordance with standards established by the Auditor of State for governmental entities that are not required to prepare annual reports in accordance with generally accepted accounting principles. This basis of accounting is a comprehensive basis of accounting other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash deposits and combined fund cash balances of Adams County, as of December 31, 2002, and its combined cash receipts and disbursements and its combined budgeted and actual receipts and budgeted and actual disbursements and encumbrances, for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 28, 2003 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying federal awards expenditures schedule is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. We subjected this information to the auditing procedures applied in the audit of the financial statements. In our opinion, it is fairly stated, in all material respects, in relation to the financial statements taken as a whole

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

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

**Betty Montgomery**  
Auditor of State

July 28, 2003

ADAMS COUNTY

COMBINED STATEMENT OF CASH DEPOSITS  
AND FUND CASH BALANCES - ALL FUND TYPES -  
DECEMBER 31, 2002

Cash Deposits in County Treasury and Segregated Accounts	\$8,673,151
Cash with Fiscal Agent	<u>122,504</u>
Total Cash Deposits	<u><u>\$8,795,655</u></u>

CASH BALANCES BY FUND TYPE

Governmental Funds:	
General Fund	1,219,010
Special Revenue Funds	5,712,107
Debt Service Funds	35,850
Capital Projects Funds	700,020
Proprietary Funds:	
Enterprise Funds	18,736
Fiduciary Funds:	
Expendable Trust Funds	108,640
Agency Funds	<u>1,001,292</u>
<b>Total</b>	<u><u><b>\$8,795,655</b></u></u>

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

ADAMS COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND  
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS ·  
FOR THE YEAR ENDED DECEMBER 31, 2002

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Cash receipts:</b>						
Taxes	\$3,182,853	\$1,513,775	\$346,556	\$0	\$0	\$5,043,184
Charges for services	768,177	907,408				1,675,585
Licenses and permits	3,380					3,380
Fines and forfeitures	154,167	59,478				213,645
Intergovernmental receipts	1,351,236	8,661,657	20,611	331,308		10,364,812
Special Assessments	0		12,840			12,840
All other receipts	273,107	160,606			12,663	446,376
Total cash receipts	5,732,920	11,302,924	380,007	331,308	12,663	17,759,822
<b>Cash disbursements:</b>						
Current:						
General government:						
Legislative and executive	2,026,436	570,016				2,596,452
Judicial	935,372	67,314				1,002,686
Public safety	1,550,169	529,151				2,079,320
Public works	85,482	2,353,181				2,438,663
Health	77,943	2,367,086				2,445,029
Human services	380,189	6,077,916			10,543	6,468,648
Conservation - recreation	9,750					9,750
Miscellaneous	845,473					845,473
Capital outlay				674,337		674,337
Debt service:						
Principal retirement		52,614	309,447			362,061
Interest and fiscal charges		8,150	68,559			76,709
Total cash disbursements	5,910,814	12,025,428	378,006	674,337	10,543	18,999,128
Total cash receipts over/(under) cash disbursements	(177,894)	(722,504)	2,001	(343,029)	2,120	(1,239,306)
<b>Other financing receipts/(disbursements):</b>						
Operating transfers-in	32,500	75,308				107,808
Operating transfers-out	(75,308)	(32,500)				(107,808)
Advances-in	358,737	4,502	1,055	379,136		743,430
Advances-out	(390,376)			(353,154)		(743,530)
Other financing sources	122,273	125,837				248,110
Other financing uses	(203,775)	(81)			(2,592)	(206,448)
Total other financing receipts/(disbursements)	(155,949)	173,066	1,055	25,982	(2,592)	41,562
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	(333,843)	(549,438)	3,056	(317,047)	(472)	(1,197,744)
Fund cash balances, January 1, 2002	1,552,853	6,261,545	32,794	1,017,067	109,112	8,973,371
<b>Fund cash balances, December 31, 2002</b>	<b>\$1,219,010</b>	<b>\$5,712,107</b>	<b>\$35,850</b>	<b>\$700,020</b>	<b>\$108,640</b>	<b>\$7,775,627</b>
Reserve for encumbrances, December 31, 2002	\$182,151	\$1,512,517	\$490	\$404,078	\$14,093	\$2,113,329

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



ADAMS COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH  
BALANCES - ALL PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUNDS -  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating cash receipts:</b>			
Charges for services	\$35,550	\$0	\$35,550
Total operating cash receipts	35,550	0	35,550
<b>Operating cash disbursements:</b>			
Contractual services	826		826
Supplies and materials	22,481		22,481
Total operating cash disbursements	23,307	0	23,307
Operating income	12,243	0	12,243
<b>Non-operating cash receipts:</b>			
Other non-operating revenues		45,069,636	45,069,636
Total non-operating cash receipts	0	45,069,636	45,069,636
<b>Non-operating cash disbursements:</b>			
Other non-operating cash disbursements		45,057,901	45,057,901
Total non-operating cash disbursements	0	45,057,901	45,057,901
Excess of receipts over disbursements before interfund advances	12,243	11,735	23,978
Advances-in	1,082		1,082
Advances-out	(1,082)		(1,082)
Net receipts over disbursements	12,243	11,735	23,978
Fund cash balances, January 1, 2002	6,493	989,557	996,050
<b>Fund cash balances, December 31, 2002</b>	<b>\$18,736</b>	<b>\$1,001,292</b>	<b>\$1,020,028</b>
Reserve for encumbrances, December 31, 2002	\$189	\$20,266	\$20,455

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

**ADAMS COUNTY**

**COMBINED STATEMENT OF RECEIPTS - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2002**

<u>Fund Types/Funds</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Governmental:			
General Fund	\$5,837,923	\$5,887,693	\$49,770
Special Revenue Funds	11,531,259	11,504,069	(27,190)
Debt Service Funds	381,062	380,007	(1,055)
Capital Projects Funds	685,444	331,308	(354,136)
Proprietary:			
Enterprise Funds	35,939	35,550	(389)
Fiduciary:			
Expendable Trust Funds	<u>12,663</u>	<u>12,663</u>	<u>0</u>
Totals (Memorandum only)	<u><u>\$18,484,290</u></u>	<u><u>\$18,151,290</u></u>	<u><u>(\$333,000)</u></u>

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

**ADAMS COUNTY**

**COMBINED STATEMENT OF DISBURSEMENTS AND  
ENCUMBRANCES COMPARED WITH EXPENDITURE AUTHORITY  
FOR THE YEAR ENDED DECEMBER 31, 2002**

<u>Fund Types/Funds</u>	<u>Prior Year Carryover Appropriations</u>	<u>Appropriations</u>	<u>Total</u>	<u>Disbursements</u>	<u>Encumbrances Outstanding At 12/31/02</u>	<u>Total</u>	<u>Variance Favorable/ (Unfavorable)</u>
Governmental:							
General Fund	\$226,812	\$6,857,967	\$7,084,779	\$6,189,897	\$182,151	\$6,372,048	\$712,731
Special Revenue Funds	1,071,951	14,991,858	16,063,809	12,058,009	1,512,517	13,570,526	2,493,283
Debt Service Funds	15,388	378,161	393,549	378,006	490	378,496	15,053
Capital Projects Funds	826,325	273,032	1,099,357	674,337	404,078	1,078,415	20,942
Proprietary:							
Enterprise Funds	391	26,200	26,591	23,307	189	23,496	3,095
Fiduciary:							
Expendable Trust Funds	<u>8,538</u>	<u>27,000</u>	<u>35,538</u>	<u>13,135</u>	<u>14,093</u>	<u>27,228</u>	<u>8,310</u>
Totals (Memorandum only)	<u>\$2,149,405</u>	<u>\$22,554,218</u>	<u>\$24,703,623</u>	<u>\$19,336,691</u>	<u>\$2,113,518</u>	<u>\$21,450,209</u>	<u>\$3,253,414</u>

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

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## ADAMS COUNTY

### NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2002

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### A. Description of the Entity

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

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

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

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

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

Adams County Hospital, a County Hospital created under Ohio Revised Code Section 339, is a component unit of Adams County. The Hospital is served by a board of trustees appointed by the Adams County Commissioners and Adams County judges. Separately-issued financial statements can be obtained from Adams County Hospital, 210 North Wilson Drive, West Union, Ohio, 45693.

The County is a member of the Southern Ohio Council of Governments, a jointly governed organization which is described in Note 12 to the financial statements.

**ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**B. Basis of Accounting**

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

These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in the preceding paragraph.

**C. Cash Deposits**

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

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Funds**

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

**ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3. Debt Service Funds**

These funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. According to governmental accounting principles, the Debt Service Fund accounts for the payment of long-term debt for governmental funds only. Under Ohio law, the Debt Service Fund might also be used to account for the payment of the long-term debt of proprietary funds and the short-term debt of both governmental and proprietary funds. For purposes of this report, these funds have been classified into the proper groups, if applicable.

**4. Capital Project Funds**

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

**5. Enterprise Funds**

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

**6. Fiduciary Funds (Trust and Agency Funds)**

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

**E. Budgetary Process**

**1. Budget**

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

**2. Estimated Resources**

The County Budget Commission certifies its actions to the County by September 1. As part of this certification, the County receives the official certificate of estimated resources which states the projected receipts of each fund. On or about January 1, this certificate is amended to include any unencumbered balances from the preceding year. Prior to December 31, the County must revise its budget that the total contemplated disbursements from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. Budget receipts as shown in the accompanying financial statements do not include January 1, 2002, unencumbered fund balances. However, those fund balances were available for appropriations.

**ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3. Appropriations**

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

**4. Encumbrances**

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

**5. Legal Level of Control**

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

**F. Property, Plant and Equipment**

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

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

Accumulated unpaid vacation, personal, compensatory time and sick leave are not accrued under the cash basis of accounting described in Note 1. At December 31, 2002, management estimates that \$527,472 in vacation leave, \$7,757 in personal leave, \$105,698 in compensatory time, and \$1,405,904 in sick leave has been accumulated by the employees of the County. All leave will either be absorbed by time off from work, or within certain limitations, be paid to the employees.

**H. Total Columns on Financial Statements**

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



**ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002  
(Continued)**

**2. CASH DEPOSITS**

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

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

- United States treasurer notes, bills, bonds, or any other obligation or security issued by the United States treasurer or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Bond and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
- Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
- No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
- The State Treasurer's investment pool (STAR Ohio);
- Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2) or cash or both securities and cash, equal value for equal value;
- High grade commercial paper in an amount not to exceed five percent of the County's total average portfolio;
- Bankers acceptances for a period not to exceed 270 days and in an amount not to exceed ten percent of the County's total average portfolio.

## ADAMS COUNTY

### NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2002 (Continued)

#### 2. CASH DEPOSITS (Continued)

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

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

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian. During 2002, the County held their funds in demand deposit accounts and invested only in certificate of deposits.

#### **Deposits:**

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

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

At December 31, 2002, the carrying amount of the County's deposits was \$8,795,655. The bank balance of deposits held by the County Treasury and in segregated accounts was \$9,344,828 and is classified by risk as follows:

- \$624,194 was insured by the Federal Depository Insurance Corporation (FDIC).
- \$8,720,634 was covered by collateral held by third party trustees pursuant to Section 135.181, Ohio Revised Code, in single institution collateral pools securing all public funds on deposit with specific depository institutions. The Code specifies that the total value of securities pledged as collateral must be at least equal to 110% of the total amount of the insured deposits, including any portion covered by federal deposit insurance. The Code also specifies what kind of securities are eligible to be pledged and what percentage of their face value counts as being eligible for collateral. Although all state statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the County to a successful claim by the FDIC.

\$122,504 was on hand with the Southern Ohio Council of Governments (the "Council"), as described in Note 12 to the financials statements. The Council, as fiscal agent, is responsible for obtaining adequate collateral for this money.

**ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002  
(Continued)**

**3. DEBT**

Debt outstanding at December 31, 2002 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds	\$1,082,578	3.40%-6.80%
Special Assessment Bonds	<u>307,241</u>	3.25%
Total	<u>\$1,389,819</u>	

Outstanding general obligation bonds consist of Human Services Building Refunding Bonds and Truck Acquisition Bonds. General obligation bonds are direct obligations of the County for which its full faith, credit and resources are pledged and are payable from taxes levied on all taxable property in the County.

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

Amortization of the above debt, including interest of \$440,012, is scheduled as follows:

	<u>General Obligation Bonds</u>	<u>Special Assessment Bonds</u>	<u>Total</u>
Year ending December 31:			
2003	\$190,309	\$14,541	\$204,850
2004	197,023	14,541	211,564
2005	132,510	14,541	147,051
2006	128,660	14,541	143,201
2007	129,710	14,541	144,251
2008-2012	528,140	72,706	600,846
2013-2017		72,705	72,705
2018-2022		72,704	72,704
2023-2027		72,706	72,706
2028-2032		72,706	72,706
2033-2037		72,706	72,706
2038		14,541	14,541
Total	<u>\$1,306,352</u>	<u>\$523,479</u>	<u>\$1,829,831</u>

**4. PROPERTY TAX**

Real property taxes are levied on assessed values which equal 35% of appraised value. The County Auditor reappraises all real property every six years with a triennial update. The last update was completed for tax year 2001.

ADAMS COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002  
(Continued)

4. PROPERTY TAX (Continued)

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

The full tax rate applied to real property for the fiscal year ended December 31, 2002, was \$9.42 per \$1,000 of assessed valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$7.66 per \$1,000 of assessed valuation for real property classified as residential/agricultural and \$8.98 per \$1,000 of assessed valuation for all other real property. Real property owners' tax bills are further reduced by homestead and rollback deductions, when applicable. The amount of these homestead and rollback reductions is reimbursed to the County by the State of Ohio.

Owners of tangible personal property are required to file a list of such property including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property for the fiscal year ended December 31, 2002, was \$9.42 per \$1,000 of assessed valuation.

Real Property – 2001 Valuation

Residential/Agricultural	\$ 195,175,550
Commercial/Industrial	76,825,640

Tangible Personal Property – Valuation

General – 2002	23,728,170
Public Utilities – 2001	<u>131,908,180</u>
Total Valuation	\$ <u>427,637,540</u>

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

5. RISK MANAGEMENT

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

**ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002  
(Continued)**

**5. RISK MANAGEMENT (Continued)**

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

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

Insurance coverage stayed the same as in the prior year. Settled claims during 2002 did not exceed commercial insurance coverage.

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

	<u>2002</u>
Assets	\$51,165,165
Liabilities	24,097,518
Equity	\$27,067,647

This is the latest information available.

**6. PENSION PLANS**

**A. Public Employees Retirement System of Ohio**

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

**ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002  
(Continued)**

**6. PENSION PLANS (Continued)**

Plan members, other than those engaged in law enforcement, are required to contribute 8.5% of their annual covered salary to fund pension obligation and the employer is required to contribute 13.55%. For law enforcement employees, the employee contribution is 9% and the employer contribution is 15.7%. Contributions are authorized by state statute. The contribution rates are determined actuarially. The County's required contributions to PERS for the years ended December 31, 2002, 2001, and 2000 were \$1,100,508, \$1,366,591, and \$796,114, respectively. As of December 31, 2002, the County has made all required contributions.

**B. State Teachers Retirement System of Ohio**

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

Plan members are required to contribute 9.3% of their annual covered salary and the employer is required to contribute 14%. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The County's contributions to STRS for the years ended December 31, 2002, 2001, and 2000 were \$29,841, \$13,453, and \$10,673, respectively. As of December 31, 2002, the County has made all required contributions.

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

Benefits are funded on a pay-as-you-go basis. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. The Board allocated employer contributions equal to 4.5% of covered payroll to the Health Care Reserve Fund. For the County, this amount equaled \$9,578 for 2002.

**7. FEDERAL GRANTS (Intergovernmental Receipts)**

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

## ADAMS COUNTY

### NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2002 (Continued)

#### 8. HEALTH CARE BENEFITS

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

#### 9. COMPLIANCE

Contrary to Ohio Law, expenditures exceeded appropriations in the MRDD Residential Service Fund by \$31,700 in 2002.

#### 10. PENDING LITIGATION

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

#### 11. ADVANCES

Advances-in do not equal advances-out on the financial statements because of advances made from the County General Fund to the Adams County Health Department and the Adams County Family and Children First Council totaling \$4,600 and an advance back from the Health Department to the County General Fund in the amount of \$4,500. The Health Department and Family and Children First Council are accounted for as Agency Funds in the financial statements. The General Fund presents the transactions as advances-in and advances-out while the Agency Funds present the transactions as other non-operating revenues and disbursements.

#### 12. JOINTLY GOVERNED ORGANIZATION

The County is a member of the Southern Ohio Council of Governments (the "Council"), which is a jointly governed organization created under Ohio Revised Code Section 167.01. The governing body consists of a thirteen member board with each participating County represented by its Director of its Board of Mental Retardation and Developmental Disabilities (MRDD). Member counties include: Adams, Athens, Brown, Fayette, Gallia, Highland, Jackson, Lawrence, Pickaway, Pike, Ross, Scioto and Vinton Counties. The Council acts as fiscal agent for the Adams County MRDD's supportive living program monies. During 2002, the Council received \$28,671 of supportive living monies from Adams County and as of December 31, 2002, the County had a \$122,504 balance on hand with the Council. Financial statements can be obtained from the Council at 43 N. Paint St., Chillicothe, Ohio, 45601.

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ADAMS COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2002

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements	Non-Cash Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Food Distribution Program (See Note B)	N/A	10.550	\$0	\$3,922
National School Breakfast Program (See Note C)	065813-05PU-2002	10.553	5,744	
National School Lunch Program (See Note C)	065813-LLP4-2002	10.555	7,869	
<b>Total U.S. Department of Agriculture - Nutrition Cluster</b>			<b>13,613</b>	<b>3,922</b>
<b>U.S. DEPARTMENT OF JUSTICE</b>				
Public Safety Partnership and Community Policing Grants	N/A	16.710	113,849	
<i>Passed Through Ohio Emergency Management Agency:</i>				
State Domestic Preparedness Equipment Program	2002-TE-CX-0049	16.007	18,764	
<b>Total U.S. Department of Justice</b>			<b>132,613</b>	<b>0</b>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
<i>Passed Through Ohio Department of Development</i>				
Community Development Block Grant	B-C-00-001-1	14.228	22,084	
	B-F-01-001-1	14.228	68,252	
	B-F-00-001-1	14.228	50,646	
			140,982	0
Home Investment Partnerships Program	B-C-00-001-2	14.239	73,047	
<b>Total U.S. Department of Housing and Urban Development</b>			<b>214,029</b>	<b>0</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
<i>Passed Through Ohio Department of Mental Retardation and Developmental Disabilities:</i>				
Social Services Block Grant	N/A	93.667	29,133	
Medical Assistance Program	N/A	93.778C	139,566	
<b>Total U.S. Department of Health and Human Services</b>			<b>168,699</b>	<b>0</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>				
<i>Passed Through Ohio Department of Education:</i>				
Special Education Cluster:				
Special Education Grants to States (IDEA Part B)	065813-6B-5F-02P	84.027	6,540	
	065813-6B-5F-03P	84.027	6,733	
			13,273	0
Special Education Preschool Grants	065813-PG-PGS1-2003-P	84.173	2,556	
Total Special Education Cluster			15,829	0
Innovative Education Program Strategies	065813-C2-S1-2002	84.298	1,015	
<b>Total U.S. Department of Education</b>			<b>16,844</b>	<b>0</b>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>				
Federal Aviation Administration- Airport Improvement Program	N/A	20.106	11,500	
<i>Passed Through Ohio Department of Public Safety:</i>				
Community Surface Transportation Program	1950.0	20.600	47,809	
<i>Passed Through Ohio Emergency Management Agency:</i>				
Hazardous Materials Emergency Preparedness	N/A	20.703	1,500	
<i>Passed Through Ohio Environmental Protection Agency:</i>				
Hazardous Materials Emergency Preparedness	N/A	20.703	3,405	
Total CFDA #20.703			4,905	0
<b>Total U.S. Department of Transportation</b>			<b>64,214</b>	<b>0</b>
<b>U.S. DEPARTMENT OF FEDERAL EMERGENCY MANAGEMENT ASSISTANCE</b>				
<i>Passed Through Ohio Emergency Management Agency:</i>				
Emergency Management Performance Grant	N/A	83.552	6,895	
Terrorism Consequence Management Preparedness Assistance	N/A	83.552	1,864	
<b>Total U.S. Department of Federal Emergency Management Assistance</b>			<b>8,759</b>	<b>0</b>
			<b>618,771</b>	<b>3,922</b>

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

**ADAMS COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
DECEMBER 31, 2002**

**NOTE A - BASIS OF PRESENTATION**

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

**NOTE B - FOOD DISTRIBUTION**

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities used. At December 31, 2002, the County had no significant food commodities in inventory.

**NOTE C - NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM**

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



## **Auditor of State Betty Montgomery**

### **INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Adams County  
110 West Main Street  
Winchester, Ohio 45693

To the Board of County Commissioners:

We have audited the accompanying financial statements of Adams County, Ohio (the County), as of and for the year ended December 31, 2002, and have issued our report thereon dated July 28, 2003, which noted the County prepares its financial statements on a basis of accounting other than that prescribed by Ohio Administrative Code Section 117-2-03 (B). We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Compliance**

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2002-001 and 2002-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the County in a separate letter dated July 28, 2003.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the County in a separate letter dated July 28, 2003.

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

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**Betty Montgomery**  
Auditor of State

July 28, 2003



## Auditor of State Betty Montgomery

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

Adams County  
110 West Main Street  
West Union, Ohio 45693

To the Board of County Commissioners:

#### Compliance

We have audited the compliance of Adams County, Ohio (the County), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each major federal program for the year ended December 31, 2002. The County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each major federal program is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2002. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings as item 2002-003.

#### Internal Control Over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over a federal program that do not require inclusion in this report, that we have reported to management of the County in a separate letter dated July 28, 2003.

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

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

**Betty Montgomery**  
Auditor of State

July 28, 2003

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505**

**ADAMS COUNTY  
DECEMBER 31, 2002**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
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<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	Yes
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	U.S. Department of Housing and Urban Development - Community Development Block Grant, CFDA #14.228, and Home Investment Partnerships Program, CFDA #14.239
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	Yes

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

**FINDING NUMBER 2002-001**

**Material Noncompliance – Not reporting in accordance with Generally Accepted Accounting Principles**

Ohio Administrative Code Section 117-2-03 (B) requires the County to prepare its annual financial report in accordance with generally accepted accounting principles. However, the County prepares its financial statements in accordance with standards established by the Auditor of State for governmental entities not required to prepare annual reports in accordance with generally accepted accounting principles. The County should comply with the Administrative Code. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. The County can be fined and various other administrative remedies may be taken against the County.

**FINDING NUMBER 2002-002**

**Material Noncompliance – Expenditures in Excess of Appropriations**

Ohio Revised Code, Section 5705.41(B), provides that no subdivision or taxing unit is to expend money unless it has been appropriated.

During 2002, the County expended \$31,700 in the MRDD Residential Service Fund without appropriating for the expenditure. This resulted from memorandum transactions posted to the MRDD Residential Service Fund which were handled by the Southern Ohio Council as fiscal agent for MRDD’s supportive living monies. The County did not budget for this financial activity. We recommend that the County budget for these transactions in the future.

**3. FINDINGS FOR FEDERAL AWARDS**

**FINDING NUMBER 2002-003**

<b>CFDA Title and Number</b>	Community Development Block Grant (CDBG) – CFDA #14.228, and Home Investment Partnerships Program (HOME) – CFDA #14.239
<b>Federal Award Number / Year</b>	B-C-00-001-1, B-F-01-001-1, B-F-00-001-1, and B-C-00-001-2
<b>Federal Agency</b>	U.S. Department of Housing and Urban Development (HUD)
<b>Pass-Through Agency</b>	Ohio Department of Development (ODOD)



**FINDING NUMBER 2002-003**  
**(Continued)**

**Noncompliance Citation**

According to the State of Ohio, Department of Development, Office of Housing and Community Partnership Financial Management Rules and Regulations Handbook, Section (A)(3)( f ),the grantee must develop a cash management system to ensure compliance with the fifteen Day Rule relating to prompt disbursement of funds. This rule states that funds drawn down should be limited to amounts that will enable the grantee to disburse the funds on hand to a balance of less than \$5,000 within fifteen days of receipt of any funds. Draw downs for the grants listed above during 2002 ranging from \$10,000 to \$40,000 were not expended within fifteen days and balances exceeded \$5,000 throughout the audit period. We recommend the County monitor grant funds and limit draw downs to amounts that will enable the County to disburse funds within fifteen days.

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**ADAMS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 § .315 (b)  
DECEMBER 31, 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain:</b>
2001-60401-001	Adams County did not prepare its annual financial report in accordance with generally accepted accounting principles as required by Ohio Administrative Code Section 117-2-03 (B).	No	Not corrected, repeated as Finding #2002-001.
2001-60401-002	Disbursements exceeded appropriations, contrary to Ohio Rev. Code, Section 5705.41(B).	No	Not fully corrected, repeated as Finding #2002-002.
2001-60401-003	Adams County did not comply with the fifteen day rule related to prompt disbursement of CDBG funds.	No	Not corrected, repeated as Finding #2002-003.
2001-60401-004	Adams County did not allocate interest earned on CDBG funds and did not remit interest earned to the OHCP.	No	Partially corrected, reported in management letter for 2002.





**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

## **FINANCIAL CONDITION**

### **ADAMS COUNTY**

#### **CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER 2, 2003**