

Vinton County Financial Condition

Single Audit

January 1, 2004 through December 31, 2004

Fiscal Year Audited Under GAGAS: 2004

BALESTRA, HARR & SCHERER CPAs, INC.

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**Auditor of State
Betty Montgomery**

Board of Commissioners
Vinton County
100 Main Street
McArthur, Ohio 45641

We have reviewed the *Independent Auditor's Report* of Vinton County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2004 through December 31, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Vinton County is responsible for compliance with these laws and regulations.

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BETTY MONTGOMERY
Auditor of State

September 13, 2006

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Vinton County Financial Condition
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Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

Independent Auditor's Report

Board of Commissioners
Vinton County
100 Main Street
McArthur, Ohio 45651

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Vinton County, Ohio, (the County), as of and for the year ended December 31, 2004, 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 *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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2004, and the respective changes in financial position thereof, and the respective budgetary comparison for the general fund and the job and family services, motor vehicle gas tax, community development loan, and emergency medical services major special revenue funds, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 26, 2005, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 9 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Board of Commissioners
Vinton County
Independent Auditor's Report
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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by the US Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, 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 "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.
August 26, 2005

Vinton County Financial Condition
Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited

As management of Vinton County (the County), we offer readers this narrative overview and analysis of the financial activities of the County as a whole for the year ended December 31, 2004. We encourage readers to consider the information presented here in conjunction with the basic financial statements and the notes to the basic financial statements to enhance their understanding of the County's financial performance.

Financial Highlights

Key financial highlights for 2004 are as follows:

- The County's net assets increased \$2,074,518 as a result of this year's operations.
- General revenues accounted for \$5,012,940 in revenue or 29 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$12,019,852 or 71 percent of total revenues of \$17,032,792.
- The County had \$14,958,274 in expenses related to governmental activities; \$12,019,852 of these expenses was offset by program specific charges for services, grants or contributions.

Overview of the Basic Financial Statements

Management's discussion and analysis is intended to serve as an introduction to the County's basic financial statements. Three components comprise the basic financial statements: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the basic financial statements. These statements are organized so the reader can understand Vinton County as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

Government-wide Financial Statements – The government-wide financial statements are designed to provide readers with a broad overview of the County's finances in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all the County's assets and liabilities, with the difference between the two reported as net assets. Over time, the change in net assets may serve as a useful indicator of whether the County's financial position is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The County's governmental activities include general government, judicial, public safety, human services, health, public works, conservation and recreation, and community development. The County does not have any business-type activities.

The government-wide financial statements include not only Vinton County itself (known as the primary government), but also an organization for which the County is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. The County's component unit is Vinton Industries, Inc. See Note 18 to the basic financial statements for more information about the County's component unit.

The government-wide financial statements can be found on pages 10 and 11 of this report.

Vinton County Financial Condition
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Fund Financial Statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, used fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the County's funds are divided into two categories: governmental funds and fiduciary funds.

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

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

The County maintains many individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for those funds considered to be major funds. In the case of Vinton County, the major funds are the General Fund, the Job & Family Services Fund, the Motor Vehicle Gas Tax Fund, the EMS Levy Fund, and the Community Development Loan Fund. Data from the other governmental funds are combined into a single aggregated presentation.

The County adopts a budget resolution annually. Financial statements prepared on a budgetary basis that does not conform with accounting principles generally accepted in the United States of America (GAAP) have been provided for the major general and special revenue funds to demonstrate compliance with the County's budget. The basic governmental fund financial statements and reconciliations between governmental funds and governmental activities can be found on pages 12 through 15 of this report.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 21 through 22 of this report.

Notes to the Basic Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 23 through 43 of this report.

The County as a Whole

Recall that the Statement of Net Assets provides the perspective of the County as a whole. Table 1 provides a summary of the County's net assets for 2004 compared to 2003:

Vinton County Financial Condition
Management's Discussion and Analysis
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Unaudited

Table 1
NET ASSETS

	Governmental Activities	
	2004	2003*
<i>Assets</i>		
Current and Other Assets	\$10,156,107	\$8,597,185
Capital Assets	5,625,932	5,029,574
Total Assets	15,782,039	13,626,759
<i>Liabilities</i>		
Long-Term Liabilities	2,639,231	2,690,576
Other Liabilities	1,584,099	1,451,992
Total Liabilities	4,223,330	4,142,568
<i>Net Assets</i>		
Invested in Capital Assets, Net of Debt	3,298,242	2,627,797
Restricted	7,687,971	6,287,503
Unrestricted	572,496	568,891
Total Net Assets	\$11,558,709	\$9,484,191

* 2003 amounts were restated to reflect prior period adjustments, see Note 4 to the basic financial statements.

As noted earlier, net assets, when reviewed over time, may serve as a useful indicator of the County's financial position. The County's assets exceeded liabilities by \$11,558,709 at the close of 2004.

A large portion of the County's net assets (29 percent) reflects its investment in capital assets (e.g., land, buildings and improvements, infrastructure, machinery and equipment, and vehicles) less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net assets (67 percent) represents resources that are subject to external or legal restrictions on how they may be used. The remaining balance of net assets (\$572,496) is unrestricted and may be used to meet the County's ongoing obligations to citizens, employees, and creditors.

At the end of 2004, the County reports positive balances in all three categories of net assets, both for the County as a whole and for its separate governmental activities. The same situation held true for the prior year.

The County's total net assets increased by \$2,074,518 during 2004.

There was an increase of \$670,445 in the amount invested in capital assets, net of related debt. This increase is largely due to the addition of new infrastructure. The related debt was reduced by \$63,795 through payments scheduled for and made during 2004.

There was an increase of \$1,400,468 in restricted net assets reported in connection with the County's governmental activities. This is due to an increase in receivables from grant activity in the special revenue funds.

Vinton County Financial Condition
Management's Discussion and Analysis
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The following table shows the changes in net assets for 2004 as compared to 2003.

Table 2
Changes in Net Assets

	Governmental Activities	
	2004	2003*
Revenues		
Program Revenues:		
Charges for Services	\$1,142,623	\$955,794
Operating Grants and Contributions	9,959,407	10,249,174
Capital Grants and Contributions	917,822	432,641
Total Program Revenues	12,019,852	11,637,609
General Revenues:		
Property Taxes	1,801,660	1,738,837
Sales Taxes	710,558	726,460
Grants and Entitlements	528,831	514,209
Investment Earnings	124,836	178,278
Gain on Disposal of Capital Assets	0	9,299
Miscellaneous	1,847,055	1,037,477
Total General Revenues	5,012,940	4,204,560
Total Revenues	17,032,792	15,842,169
Expenses		
Program Expenses:		
General Government		
Legislative & Executive	1,332,154	1,409,974
Judicial	567,019	710,280
Public Safety	1,179,957	953,673
Public Works	5,604,921	3,754,151
Health	1,425,179	1,358,704
Human Services	4,260,763	4,478,611
Conservation & Recreation	10,729	15,956
Other	463,351	419,153
Interest & Fiscal Charges	114,201	168,988
Total Expenses	14,958,274	13,269,490
Change in Net Assets	2,074,518	2,572,679
Net Assets - Beginning of Year	9,484,191	6,911,512
Net Assets - End of Year	\$11,558,709	\$9,484,191

*Restated – See Note 4

Vinton County Financial Condition
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The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a voted levy does not increase solely as a result of inflation. Thus counties dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to voters to maintain a constant level of service. Property taxes made up 11 percent of revenues for governmental activities for Vinton County in fiscal year 2004.

Interest expense was attributable to the outstanding bonds.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
Total Cost of Program Services
Governmental Activities

	2004		2003	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
General Government				
Legislative and Executive	\$1,332,154	(\$896,505)	\$1,409,974	(\$219,229)
Judicial	567,019	(152,214)	710,280	(110,438)
Public Safety	1,179,957	(577,361)	953,673	(148,035)
Public Works	5,604,921	(32,551)	3,754,151	(151,073)
Health	1,425,179	(147,119)	1,358,704	(211,258)
Human Services	4,260,763	(622,752)	4,478,611	(698,467)
Conservation & Recreation	10,729	1,344	15,956	(2,481)
Other	463,351	(397,063)	419,153	(64,624)
Interest and Fiscal Charges	114,201	(114,201)	168,988	(26,276)
Total Expenses	\$14,958,274	(\$2,938,422)	\$13,269,490	(\$1,631,881)

The County's Funds

Information about the County's major funds starts on page 12. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$15,842,516 and expenditures and other financing uses of \$15,771,083. The net change in fund balance for the year was most significant in the General Fund and the Motor Vehicle Gas Tax Major Fund.

The General Fund had a decrease in fund balance in the amount of \$150,814 while the Motor Vehicle Gas Tax Fund had an increase in fund balance of \$282,319. The decrease in fund balance in the General Fund is primarily due to a decrease in tax revenues from 2003 to 2004. The increase in fund balance in the Motor Vehicle Gas Tax Fund is primarily due to a decrease in capital outlay from 2003 to 2004.

Major Fund Budgeting Highlights

The County's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted funds is the General Fund.

Vinton County Financial Condition
Management's Discussion and Analysis
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During the course of fiscal year 2004 the County amended its general fund budget numerous times, none significant. The County uses department based budgeting and the budgeting systems are designed to tightly control total department budgets but provide flexibility for site management.

For the General Fund, original and final budgets were revised to reflect nominal changes in the budget throughout the year. These minimal variances are a result of the County enforcing strict budgeting standards throughout the year. The County's ending unobligated General Fund cash balance was \$2,220 above the original amount.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2004 the County had \$5,625,932 invested in land, buildings and improvements, machinery and equipment, vehicles and infrastructure; all in governmental activities. Additional information regarding capital assets is shown in Note 9 to the basic financial statements. Table 4 shows fiscal 2004 and 2003 balances for Governmental Activities:

Table 4
 Capital Assets
 (Net of Depreciation)

	Governmental Activities	
	2004	2003
Land	\$58,558	\$58,558
Buildings and Improvements	2,828,452	2,948,048
Machinery & Equipment	367,304	260,782
Vehicles	217,879	291,062
Infrastructure	2,153,739	1,471,124
Totals	\$5,625,932	\$5,029,574

The variance in capital assets for governmental activities is due mainly to the additions of infrastructure and current year depreciation. There was \$992,376 in acquisitions, of which \$760,484 were for infrastructure. The additional acquisitions were distributed among vehicles and machinery and equipment. The County continued its ongoing commitment to maintaining and improving its capital assets.

Debt

At December 31, 2004 the County had \$2,327,690 in bonds with \$67,304 due within one year.

Table 5 summarizes bonds and notes outstanding:

Table 5
 Outstanding Debt at December 31

	Governmental Activities
	2004
Building Bonds	\$1,915,963
Other Bonds	411,727
Total	\$2,327,690

Vinton County Financial Condition
Management's Discussion and Analysis
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All Bonds outstanding are general obligations of the County for which the full faith and credit of the County is pledged for repayment. For additional information regarding bonds, please see Note 15 to the basic financial statements.

The Ohio Revised Code provides that the net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed one percent of the total assessed valuation of the County.

The Code further provides that the total voted and unvoted net debt of the County less the same exempt debt, shall never exceed a sum equal to three percent of the first \$100,000,000 of the assessed valuation, plus one-half percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000 plus two and one-half percent of such valuation in excess of \$300,000,000.

At December 31, 2004, the County's overall legal debt margin was \$12,256,498 with an unvoted debt margin of \$162,047. The debt is well within permissible limits.

Current Financial Related Activities

Vinton County is strong financially at the present time. However, as the preceding information shows, the County heavily depends on its property taxpayers as well as intergovernmental and sales tax monies. Since the property tax revenues do not grow at the same level as inflation and because state and federal mandates continue without providing the additional revenue resources needed to continue such programs, the County will be faced with significant challenges over the next several years to contain costs and ultimately consider the possibility of having to go back to the voters for an additional sales tax levy.

This scenario requires management to plan carefully and prudently to provide the resources to meet County needs over the next several years.

In addition, the County's system of budgeting and internal controls has made significant improvements over the past several years. All of the County's financial abilities will be needed to meet the challenges of the future.

Contacting the County's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Cindy Owings, County Auditor at Vinton County, 100 Main Street, McArthur, Ohio 45651, or telephone at (740) 596-5445.

Vinton County Financial Condition
Statement of Net Assets
as of December 31, 2004

	<u>Primary Government</u>	
	<u>Governmental Activities</u>	<u>Component Unit</u>
<i>ASSETS</i>		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	\$2,068,879	\$11,680
Accounts Receivable	25,531	0
Notes Receivable	892,879	0
Intergovernmental Receivable	4,954,789	10
Taxes Receivable	2,214,029	0
Noncurrent Assets:		
Non-Depreciable Capital Assets	58,558	0
Depreciable Capital Assets, net	5,567,374	84,930
<i>Total Assets</i>	<u>15,782,039</u>	<u>96,620</u>
<i>LIABILITIES</i>		
Current Liabilities:		
Accounts Payable	29,682	1,327
Accrued Wages and Benefits	348,600	0
Deferred Revenue	1,205,817	0
Noncurrent Liabilities:		
Long-Term Liabilities:		
Due Within One Year	98,915	0
Due in More Than One Year	2,540,316	0
<i>Total Liabilities</i>	<u>4,223,330</u>	<u>1,327</u>
<i>NET ASSETS</i>		
Invested in Capital Assets, Net of Related Debt	3,298,242	84,930
Restricted for Capital Outlay	180,570	0
Restricted for Other Purposes	7,507,401	0
Unrestricted	572,496	10,363
<i>Total Net Assets</i>	<u><u>\$11,558,709</u></u>	<u><u>\$95,293</u></u>

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

Vinton County Financial Condition
Statement of Activities
For the Year Ended December 31, 2004

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Component Unit
<i>Governmental Activities</i>						
General Government:						
Legislative and Executive	\$1,332,154	\$154,301	\$281,348	\$0	(\$896,505)	\$0
Judicial	567,019	174,105	240,700	0	(152,214)	0
Public Safety	1,179,957	121,195	481,401	0	(577,361)	0
Public Works	5,604,921	307,371	4,347,177	917,822	(32,551)	0
Health	1,425,179	79,455	1,198,605	0	(147,119)	0
Human Services	4,260,763	239,221	3,398,790	0	(622,752)	0
Conservation and Recreation	10,729	687	11,386	0	1,344	0
Other	463,351	66,288	0	0	(397,063)	0
Interest and Fiscal Charges	114,201	0	0	0	(114,201)	0
Total Governmental Activities	<u>\$14,958,274</u>	<u>\$1,142,623</u>	<u>\$9,959,407</u>	<u>\$917,822</u>	<u>(2,938,422)</u>	<u>0</u>
Component Unit:						
Vinton Industries	<u>330,232</u>	<u>42,928</u>	<u>111,172</u>	<u>0</u>	<u>(176,132)</u>	<u>(176,132)</u>
Total Component Units	<u>\$330,232</u>	<u>\$42,928</u>	<u>\$111,172</u>	<u>\$0</u>	<u>(176,132)</u>	<u>(176,132)</u>
 <i>General Revenues</i>						
Property Taxes:						
General Purposes					754,533	0
Special Purposes					1,047,127	0
Sales Tax					710,558	0
Grants and Entitlements not Restricted to Specific Programs					528,831	0
Investment Earnings					124,836	28
Miscellaneous					1,847,055	5,509
Total General Revenues					<u>5,012,940</u>	<u>5,537</u>
Change in Net Assets					2,074,518	(170,595)
Net Assets Beginning of Year - Restated See Note 4					<u>9,484,191</u>	<u>265,888</u>
Net Assets End of Year					<u>\$11,558,709</u>	<u>\$95,293</u>

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

Vinton County Financial Condition
Balance Sheet
Governmental Funds
as of December 31, 2004

	General	Job and Family Services	Motor Vehicle Gas Tax	EMS Levy	Community Development Loan Fund	Other Governmental Funds	Total Governmental Funds
ASSETS							
Equity in Pooled Cash and Cash Equivalents	\$24,313	\$4,432	\$572,049	\$29,704	\$42,822	\$1,395,559	\$2,068,879
Accounts Receivable	7,398	0	1,200	150	1,056	15,727	25,531
Notes Receivable	0	0	0	0	892,879	0	892,879
Intergovernmental Receivable	253,042	1,582,034	933,858	19,554	0	2,166,301	4,954,789
Interfund Receivable	16,626	0	0	0	170,420	50,000	237,046
Taxes Receivable	1,077,026	0	0	679,415	0	457,588	2,214,029
<i>Total Assets</i>	<u>1,378,405</u>	<u>1,586,466</u>	<u>1,507,107</u>	<u>728,823</u>	<u>1,107,177</u>	<u>4,085,175</u>	<u>10,393,153</u>
LIABILITIES							
Accounts Payable	0	0	17,939	0	0	11,743	29,682
Accrued Wages and Benefits	90,890	70,886	57,688	31,978	3,443	93,715	348,600
Interfund Payable	0	0	0	0	300	236,746	237,046
Deferred Revenue	1,185,908	1,136,112	687,252	649,668	0	2,125,987	5,784,927
<i>Total Liabilities</i>	<u>1,276,798</u>	<u>1,206,998</u>	<u>762,879</u>	<u>681,646</u>	<u>3,743</u>	<u>2,468,191</u>	<u>6,400,255</u>
FUND BALANCES							
Reserved:							
Reserved for Encumbrances	0	0	790	0	0	603	1,393
Reserved for Unclaimed Monies	16,602	0	0	0	0	0	16,602
Reserved for Notes Receivable	0	0	0	0	892,879	0	892,879
Unreserved, Undesignated, Reported in:							
General Fund	85,005	0	0	0	0	0	85,005
Special Revenue Funds	0	379,468	743,438	47,177	210,555	1,537,915	2,918,553
Debt Service Funds	0	0	0	0	0	(102,104)	(102,104)
Capital Projects Funds	0	0	0	0	0	180,570	180,570
<i>Total Fund Balances</i>	<u>101,607</u>	<u>379,468</u>	<u>744,228</u>	<u>47,177</u>	<u>1,103,434</u>	<u>1,616,984</u>	<u>3,992,898</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$1,378,405</u>	<u>\$1,586,466</u>	<u>\$1,507,107</u>	<u>\$728,823</u>	<u>\$1,107,177</u>	<u>\$4,085,175</u>	<u>\$10,393,153</u>

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

Vinton County Financial Condition
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 December 31, 2004*

Total Governmental Fund Balances		\$3,992,898
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.		5,625,932
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Taxes	869,061	
Intergovernmental	<u>3,710,049</u>	
Total		4,579,110
Long-Term Liabilities, including bonds and the long-term portion of compensated absences are not due and payable in the current period and therefore are not reported in the funds.		
Compensated Absences	(311,541)	
General Obligation Bonds	<u>(2,327,690)</u>	
Total		<u>(2,639,231)</u>
Net Assets of Governmental Activities		<u><u>\$11,558,709</u></u>

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

Vinton County Financial Condition
*Statement of Revenues, Expenditures,
And Changes in Fund Balances*
Governmental Funds
For the Year Ended December 31, 2004

	General	Job and Family Services	Motor Vehicle Gas Tax	EMS Levy	Community Development Loan Fund	Other Governmental Funds	Total Governmental Funds
<i>Revenues:</i>							
Taxes	\$1,246,995	\$0	\$0	\$424,989	\$0	\$327,519	\$1,999,503
Charges for Services	384,120	0	0	165,312	41,876	593,618	1,184,926
Fees, Licenses and Permits	1,278	0	0	0	0	0	1,278
Fines and Forfeitures	464,938	0	19,701	0	0	7,734	492,373
Intergovernmental	114,774	2,879,168	2,691,901	0	0	4,802,704	10,488,547
Interest	94,514	0	12,004	0	17,846	472	124,836
Other	354,336	160,210	275,489	2,080	82,458	521,666	1,396,239
<i>Total Revenues</i>	<u>2,660,955</u>	<u>3,039,378</u>	<u>2,999,095</u>	<u>592,381</u>	<u>142,180</u>	<u>6,253,713</u>	<u>15,687,702</u>
<i>Expenditures:</i>							
<i>Current:</i>							
<i>General Government:</i>							
Legislative and Executive	934,573	0	0	0	0	341,087	1,275,660
Judicial	286,298	0	0	0	0	275,599	561,897
Public Safety	626,012	0	0	0	0	556,843	1,182,855
Public Works	230,359	0	2,716,776	0	289,101	2,411,000	5,647,236
Health	27,420	0	0	666,448	0	735,198	1,429,066
Human Services	92,240	3,129,949	0	0	0	951,447	4,173,636
Conservation and Recreation	0	0	0	0	0	10,729	10,729
Capital Outlay	0	0	0	0	0	683,551	683,551
Other	462,053	0	0	0	0	1,298	463,351
<i>Debt Service:</i>							
Principal Retirement	0	0	0	0	0	63,795	63,795
Interest and Fiscal Charges	0	0	0	0	0	124,493	124,493
<i>Total Expenditures</i>	<u>2,658,955</u>	<u>3,129,949</u>	<u>2,716,776</u>	<u>666,448</u>	<u>289,101</u>	<u>6,155,040</u>	<u>15,616,269</u>
Excess of Revenues Over (Under) Expenditures	<u>2,000</u>	<u>(90,571)</u>	<u>282,319</u>	<u>(74,067)</u>	<u>(146,921)</u>	<u>98,673</u>	<u>71,433</u>
<i>Other Financing Sources (Uses):</i>							
Operating Transfers - In	1,000	75,342	0	0	0	78,472	154,814
Operating Transfers - Out	(153,814)	0	0	0	0	(1,000)	(154,814)
<i>Total Other Financing Sources (Uses)</i>	<u>(152,814)</u>	<u>75,342</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>77,472</u>	<u>0</u>
Net Change in Fund Balances	(150,814)	(15,229)	282,319	(74,067)	(146,921)	176,145	71,433
Fund Balances at Beginning of Year - (Restated Note 4)	252,421	394,697	461,909	121,244	1,250,355	1,440,839	3,921,465
Fund Balance (Deficit) at End of Year	<u>\$101,607</u>	<u>\$379,468</u>	<u>\$744,228</u>	<u>\$47,177</u>	<u>\$1,103,434</u>	<u>\$1,616,984</u>	<u>\$3,992,898</u>

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

Vinton County Financial Condition
*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, 2004*

Net Change in Fund Balances - Total Governmental Funds \$71,433

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

Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital Asset Additions	992,376	
Current Year Depreciation	(396,018)	
Total	596,358	596,358

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

Delinquent Property Taxes	512,715	
Intergovernmental	832,375	
Total	1,345,090	1,345,090

Repayment of bond principal are expenditures in the governmental funds, but the repayment reduces liabilities in the statement of net assets and does not result in an expense in the statement of activities.

63,795

Some expenses 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.

Increase in Compensated Absences	(12,450)	
Decrease in Accrued Interest Payable	10,292	
Total	(2,158)	(2,158)

Net Change in Net Assets of Governmental Activities \$2,074,518

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

Vinton County Financial Condition
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
General Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$650,000	\$650,000	\$1,408,192	\$758,192
Charges for Services	382,384	382,384	382,384	0
Licenses and Permits	1,278	1,278	1,278	0
Fines and Forfeitures	465,452	465,452	465,452	0
Intergovernmental	928,403	863,406	114,079	(749,327)
Interest	95,666	95,666	95,666	0
Other	351,299	351,299	351,299	0
Total Revenues	2,874,482	2,809,485	2,818,350	8,865
EXPENDITURES:				
Current:				
General Government:				
Legislative and Executive	1,086,000	935,845	935,845	0
Judicial	268,447	289,334	289,334	0
Public Safety	548,249	629,125	629,125	0
Public Works	155,890	230,359	230,359	0
Health	38,017	27,459	27,459	0
Human Services	136,495	92,240	92,240	0
Conservation and Recreation	41,964	62,841	62,841	0
Other	456,352	399,214	399,212	2
Total Expenditures	2,731,414	2,666,417	2,666,415	2
Excess of Revenues Over (Under) Expenditures	143,068	143,068	151,935	8,867
OTHER FINANCING SOURCES AND USES:				
Transfers In	0	0	1,000	1,000
Transfers Out	(153,814)	(153,814)	(153,814)	0
Advances Out	0	0	(7,647)	(7,647)
Total Other Financing Sources and Uses	(153,814)	(153,814)	(160,461)	(6,647)
Net Change in Fund Balance	(10,746)	(10,746)	(8,526)	2,220
Fund Balance at Beginning of Year	10,746	10,746	10,746	0
Fund Balance (Deficit) at End of Year	\$0	\$0	\$2,220	\$2,220

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

Vinton County
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
Job and Family Services
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$3,857,857	\$2,891,257	\$2,895,689	\$4,432
Other	160,210	160,210	160,210	0
Total Revenues	<u>4,018,067</u>	<u>3,051,467</u>	<u>3,055,899</u>	<u>4,432</u>
EXPENDITURES:				
Current:				
Human Services	4,072,377	3,105,777	3,105,777	0
Total Expenditures	<u>4,072,377</u>	<u>3,105,777</u>	<u>3,105,777</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>(54,310)</u>	<u>(54,310)</u>	<u>(49,878)</u>	<u>4,432</u>
OTHER FINANCING SOURCES AND USES:				
Transfers In	75,342	75,342	75,342	0
Transfers Out	(21,423)	(21,423)	(21,423)	0
Total Other Financing Sources and Uses	<u>53,919</u>	<u>53,919</u>	<u>53,919</u>	<u>0</u>
Net Change in Fund Balance	(391)	(391)	4,041	4,432
Fund Balance at Beginning of Year	<u>391</u>	<u>391</u>	<u>391</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$4,432</u></u>	<u><u>\$4,432</u></u>

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

Vinton County Financial Condition
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
Motor Vehicle Gas Tax
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Fines and Forfeitures	\$20,313	\$20,313	\$20,313	\$0
Intergovernmental	1,651,856	2,237,484	2,662,572	425,088
Interest	12,004	12,004	12,004	0
Other	274,303	274,303	274,303	0
Total Revenues	<u>1,958,476</u>	<u>2,544,104</u>	<u>2,969,192</u>	<u>425,088</u>
EXPENDITURES:				
Current:				
Public Works	<u>2,300,000</u>	<u>2,885,628</u>	<u>2,740,960</u>	<u>144,668</u>
Total Expenditures	<u>2,300,000</u>	<u>2,885,628</u>	<u>2,740,960</u>	<u>144,668</u>
Net Change in Fund Balance	<u>(341,524)</u>	<u>(341,524)</u>	<u>228,232</u>	<u>569,756</u>
Fund Balance at Beginning of Year	294,111	294,111	294,111	0
Prior Year Encumbrances Appropriated	<u>47,413</u>	<u>47,413</u>	<u>47,413</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$569,756</u></u>	<u><u>\$569,756</u></u>

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

Vinton County Financial Condition
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
Community Development Loan
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for Services	\$65,313	\$44,285	\$41,876	(\$2,409)
Intergovernmental	165,441	111,914	0	(111,914)
Interest	28,499	18,941	17,846	(1,095)
Other	35,677	232,030	288,635	56,605
Total Revenues	294,930	407,170	348,357	(58,813)
EXPENDITURES:				
Current:				
Public Works	405,968	518,208	397,953	120,255
Total Expenditures	405,968	518,208	397,953	120,255
Excess of Revenues Over (Under) Expenditures	(111,038)	(111,038)	(49,596)	61,442
OTHER FINANCING SOURCES AND USES:				
Advances In	0	0	201,500	201,500
Advances Out	0	0	(220,120)	(220,120)
Total Other Financing Sources and Uses	0	0	(18,620)	(18,620)
Net Change in Fund Balance	(111,038)	(111,038)	(68,216)	42,822
Fund Balance at Beginning of Year	111,038	111,038	111,038	0
Fund Balance at End of Year	\$0	\$0	\$42,822	\$42,822

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

Vinton County Financial Condition
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
Emergency Medical Services
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$387,794	\$387,794	\$399,196	\$11,402
Charges for Services	51,642	51,642	169,035	117,393
Intergovernmental	73,901	117,035	15,863	(101,172)
Other	0	0	2,080	2,080
Total Revenues	<u>513,337</u>	<u>556,471</u>	<u>586,174</u>	<u>29,703</u>
EXPENDITURES:				
Current:				
Health	620,486	663,620	663,620	0
Total Expenditures	<u>620,486</u>	<u>663,620</u>	<u>663,620</u>	<u>0</u>
Net Change in Fund Balance	<u>(107,149)</u>	<u>(107,149)</u>	<u>(77,446)</u>	<u>29,703</u>
Fund Balance at Beginning of Year	<u>107,149</u>	<u>107,149</u>	<u>107,149</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$29,703</u></u>	<u><u>\$29,703</u></u>

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

Vinton County Financial Condition
Statement of Fiduciary Net Assets
Fiduciary Funds
As of December 31, 2004

	Private Purpose Trust	
	Sheppard-Dunkle Scholarship Trust	Agency
<i>ASSETS</i>		
Equity in Pooled Cash and Cash Equivalents	\$15,999	\$645,878
Cash and Cash Equivalents in Segregated Accounts	0	390,734
Taxes Receivable	0	4,693,721
Due from Other Governments	0	140,546
Total Assets	15,999	5,870,879
<i>LIABILITIES</i>		
Due to Other Governments	0	5,300,279
Undistributed Monies	0	537,272
Deposits Held and due to Others	0	2,000
Payroll Withholdings	0	31,328
Total Liabilities	0	5,870,879
<i>NET ASSETS</i>		
Restricted for Endowment	15,000	
Unrestricted	999	
Total Net Assets	\$15,999	\$0

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

Vinton County Financial Condition
Statement of Changes in Fiduciary Net Assets
Private Purpose Trust Fund
As of December 31, 2004

	Sheppard-Dunkle Scholarship Trust
<i><u>Additions:</u></i>	
Interest	\$747
Increase in Net Assets Resulting from Operations	747
<i><u>Deductions:</u></i>	
Scholarships Awarded	0
Increase in Net Assets	747
Net Assets Beginning of Year	15,252
Net Assets End of Year	\$15,999

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

Vinton County Financial Condition
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION

Vinton 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 County Auditor, County Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, County Court Judge, Probate-Juvenile Judge, and Common Pleas 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: The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the County are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the County. For Vinton County, this includes the Vinton County Board of Mental Retardation and Development Disabilities, Vinton County Children Services Board, Family and Children First Council, and departments and activities that are directly operated by the elected County officials.

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

Discretely Presented Components Unit: The component unit column on the government-wide financial statements identifies the financial data of the County's component unit, Vinton Industries, Inc. This entity is reported separately to emphasize that it is legally separate from the County.

Vinton Industries, Inc. (the Corporation) is a legally separate, not-for-profit corporation, served by a self-appointing Board of Trustees. The Corporation, under contractual agreement with the Vinton County Board of Mental Retardation and Developmental Disabilities, provides sheltered employment for mentally retarded or handicapped adults in Vinton County. The Vinton County Board of Mental Retardation and Developmental Disabilities provides the Corporation with some funds to operate with. The Corporation also raises revenue through the services its clients provide for other entities and goods it sells.

Additional information related to Vinton Industries, Inc., is presented in Note 18 to the basic financial statements. Complete financial statements of the individual component unit can be obtained from the administration offices of Vinton Industries, Inc., Post Office Box 477, McArthur, Ohio 45651.

The County is associated with certain organizations which are defined as Jointly Governed Organizations. These organizations are presented in Note 17 to the basic financial statements. These organizations are:

- The Gallia, Jackson, Meigs, and Vinton Joint Solid Waste Management District
- South Central Regional Juvenile Detention Center
- Buckeye Joint-County Self Insurance Council
- Alcohol, Drug Addiction and Mental Health Services Board of Athens, Hocking and Vinton Counties
- Vinton County Community Improvement Corporation

Vinton County Financial Condition
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION (Continued)

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 entities listed below, the County serves as fiscal agent, but the entities are not fiscally dependent on the County. Accordingly, the activity of the following entities and agencies are presented as Agency Funds within the County's financial statements.

- Soil and Water Conservation District
- Vinton County Health District

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Vinton 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. Following are the more significant of the County's accounting policies.

A. Basis of Presentation

The County's basic financial statements consist of government-wide financial 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 statement of net assets presents the financial condition of the governmental activities of the County and its component unit at year-end. Interfund receivables and payables within governmental activities have been eliminated to minimize the duplicating effect on assets and liabilities within the governmental activities total columns.

The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities. 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 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 is self-financing or draws from the general revenues of the County.

B. 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 present financial information at a more detailed level. The governmental fund financial statements focus on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Agency funds, which are a type of fiduciary fund, are used to account for assets held by the government as an agent for individuals, private organizations and other governments.

Vinton County Financial Condition
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Financial Statements (Continued)

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 recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes herein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. For financial statement presentation purposes, the various funds of the County are grouped into the following generic fund types under the broad fund categories governmental and fiduciary.

Governmental Funds: Governmental funds are those through which most governmental functions of the County are financed. The acquisition, use and balances of the County's expendable financial resources and the related current liabilities are accounted for through governmental funds. The following are the County's major governmental funds:

General Fund The General Fund is the primary operating fund. It accounts for all financial resources of the primary government not recorded elsewhere. The General Fund balance is available to the County for any purpose provided it is expended or transferred according to the general laws of Ohio.

Motor Vehicle Gas Tax Fund This fund accounts for state gasoline tax and motor vehicle registration fees for maintenance and improvement of County roads.

Job and Family Services Fund This fund accounts for funding from various federal and state grants used to provide job training and public assistance to qualified clients, to pay their medical assistance providers and for certain public social services.

Emergency Medical Services Fund This fund accounts for monies received from a county-wide tax levy, grant monies and charges for services to operate the County Emergency Medical Services.

Community Development Loan Fund This fund account for revenue from the federal government used for a revolving loan program, a solid waste program and improvements to target areas within the County.

The County's nonmajor governmental funds account for (1) grants and other resources whose use is restricted to a particular purpose; (2) the accumulation of resources for, and payment of, the principal, interest and related costs for the County's general long-term debt; and (3) financial resources used for the acquisition, construction or renovation of facilities.

Fiduciary Funds: Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. The two types of fiduciary funds the County uses are agency funds and private purpose trust funds.

Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The County's agency funds account for assets held by the County for political subdivisions in which the County acts as fiscal agent and for taxes, state-levied shared revenues, and fines and forfeitures collected and distributed to other political subdivisions.

Private Purpose Trust Funds These funds are used to account for assets held by the County under a trust agreement for individuals, private organizations, or other governments and are not available to support the County's own programs. The County received a bequeath in the amount of \$15,000 to remain intact with the interest earnings to be used to fund the Sheppard-Dunkle Fine Arts Scholarship.

Vinton County Financial Condition
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting and Measurement Focus

Basis of accounting determines when transactions are captured in the financial records and reported on the financial statements. Measurement focus refers to what is expressed in reporting an entity's financial performance and position. A particular measurement focus is accomplished by considering which resources are measured.

Differences in the accrual and the modified accrual basis of accounting arise in the timing of recognition of revenue and the recording of deferred revenue, and in the presentation of expenses versus expenditures. Under the non-GAAP budgetary basis, transactions are recorded when cash is received or disbursed.

Government-Wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of the County are included on the statement of net assets. The statement of activities presents increases (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 and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally 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. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements and the fund financial statements for governmental funds.

Fiduciary funds are prepared using the accrual basis of accounting. Agency funds, which are custodial in nature, do not measure results of operations and do not have a measurement focus.

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 a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the County, available means expected to be received within sixty days after year end.

Non-exchange transactions, in which the County receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the year for which taxes are levied (see Note 7). Revenue from grants 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.

Vinton County Financial Condition
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

On the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: sales taxes, charges for services, fines and forfeitures, state-levied locally shared taxes (including gasoline tax and motor vehicle license tax), grants and interest. The permissive sales taxes, various State of Ohio non-reimbursable grants, local government, local government revenue assistance, gasoline tax, motor vehicle license tax, and undivided library taxes are recognized as receivables in accordance with the fiscal year of the State of Ohio that ends June 30, 2005. Therefore six months of receivables have been recorded for these revenue types.

Deferred Revenue

Deferred revenues arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2004, but which were levied to finance year 2005 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements were met have also been recorded as deferred revenue. In addition, permissive sales taxes, various State of Ohio non-reimbursable grants, local government, local government revenue assistance, gasoline tax, motor vehicle license tax, and undivided library taxes received after the sixty-day availability period have been recorded as deferred revenue.

On governmental fund financial statements, receivables that were not collected within the available period are recorded as deferred revenue.

Expenses/Expenditures

On the accrual basis, 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, provided current financial resources are to be used. As a result, compensated absences and most claims and judgments are not recorded as expenditures or liabilities until current financial resources are required. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

Budgetary Process: All funds, other than the 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 appropriation 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 amounts that the County Commissioners may appropriate. The appropriation resolution is the Commissioners' authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Commissioners. The legal level of control has been established by the Commissioners at the fund level.

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

The appropriation resolution is subject to amendment by the Commissioners throughout the year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Commissioners during the year.

Vinton County Financial Condition
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

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 or fiscal agent and in segregated accounts, are pooled and invested in short-term investments in order to provide improved cash management. Each fund type's share of the pool is presented on the balance sheet in the account "Equity in Pooled Cash and Cash Equivalents." For presentation on the balance sheet, funds included within the Treasurer's cash management pool and investments with original maturities of three months or less are considered to be cash and cash equivalents. Cash and cash equivalents that are held separately within departments of the County and not held with the County Treasurer are recorded on the balance sheet as "Cash and Cash Equivalents in Segregated Accounts." Interest is distributed to the General Fund, the Motor Vehicle Gas Tax Fund, the Community Development Fund, and the U.S.T. Escrow Fund. Interest earned by the primary government during 2004 amounted to \$124,836.

Notes Receivable: The County issues loans through several programs to qualifying businesses or individuals who then pay off the loans over a given time period. The gross loans receivable is recorded in the accompanying financial statements as notes receivable and reserve for notes receivable.

Receivables and Payables: Receivables and payables to be recorded on the County's financial statements are recorded to the extent that the amounts are determined material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectibility.

Using this criteria, the County has elected to not record Court receivables within the Agency fund type. This amount, while potentially significant, is not considered measurable, and because collections are often significantly in arrears, the County is unable to determine a reasonable value.

Capital Assets: General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in governmental funds. General capital assets are reported in the governmental activities column on the government-wide statement of net assets but are not reported on the fund financial statements. Donated capital assets are capitalized at estimated fair market value on the date donated. For all other assets, capital assets were recorded at original cost. The County has established a capitalization policy of \$5,000 as the threshold for which capital assets are to be reported. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements which extend the useful life or increase the capacity or operating efficiency of the asset are capitalized at cost. The County does not capitalize interest incurred during the construction of capital assets.

Public domain (infrastructure) general capital assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems have been capitalized for acquisitions during 2003 and 2004.

Depreciation has been provided on a straight-line basis over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings	40-60
Machinery and equipment	5-20
Vehicles	5
Infrastructure	10-40

Compensated Absences: The County uses the provisions of GASB Statement No. 16, *Accounting for 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 employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and by those employees for whom it is probable will become eligible to receive payment in the future. The amount is based on accumulated leave and employees' wage rates at year end.

Vinton County Financial Condition
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Accumulated, unused sick leave is paid up to a maximum of 240 hours, depending on the length of service.

The entire compensated absences liability is reported on the government-wide financial statements. A liability for these amounts is recorded in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Intergovernmental Revenues: For governmental funds, intergovernmental revenues, such as grants awarded on a non-reimbursement basis, shared revenues, and entitlements are recorded as receivables and revenues when measurable and available. Reimbursement-type grants are recorded as receivables and revenues when the related expenditures are incurred.

Interfund Balances: Activity between funds that represent lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All unpaid reimbursements between funds are reported as “due to/from other funds.” Interfund receivables and payables within governmental activities have been eliminated in the government-wide statement of net assets; any residual balances outstanding between the governmental activities are reported as “internal balances.”

Fund Balance Reserves: The County records reservations for those portions of fund balance which are legally segregated for specific future use or which do not represent available, spendable resources and, therefore, are not available for expenditure. Undesignated fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances, unclaimed monies, and notes receivable.

Accrued Liabilities and Long-Term Obligations: All payables, accrued liabilities, and long-term obligations are reported on the government-wide 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 and contractually required pension contributions that are 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.

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 borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Other purposes restricted net assets include activities of the Engineer, Developmental Disabilities, Sheriff, Job and Family Services, Children Services, and Courts. The County’s policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Interfund Transactions: 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. Interfund transfers between governmental funds are eliminated in the government-wide financial statements. 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 financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Vinton County Financial Condition
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

NOTE 3 – ACCOUNTABILITY AND COMPLIANCE

Accountability

The following funds had deficit fund balances which were created by the application of accounting principles generally accepted in the United States of America. The General Fund provides transfers to cover deficit balances; however this is done when cash is needed rather than when accruals occur.

	<u>Amount</u>
<i>Non-Major Special Revenue Funds:</i>	
Development Fund	\$6,457
Fairground Building Fund	33,420
FY04 CHIP Fund	150
Job & Family Services Deputy Fund	730
Dog & Kennel Fund	2,858
CSEA Fund	3,469
Community Distress FY04 Fund	882
Law Enforcement Block Grant Fund	197
FY03 CHIP Fund	235
Community Distress Fund	8,491
DRETAC Fund	1,819
New Horizon Fund	209
RBOG Fund	45
FY04 Formula Fund	585
Safe Schools Grant Fund	2,058
Community Corrections FY04 Fund	580
Micro Fund	600
 <i>Non-Major Debt Service Fund:</i>	
Job & Family Services	102,104

NOTE 4 – CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENTS

Changes in Accounting Principles

For 2004, the County has implemented Governmental Accounting Standards Board (GASB) Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 41, *Budgetary Comparison Schedules – Perspective Differences*. GASB Statement No. 39 is an amendment to GASB Statement No. 14 and provides additional guidance to determine whether certain organizations for which the primary government is not financially accountable should be reported as component units based on the nature and significance of their relationships with the primary government. The implementation of GASB Statements No. 39 and 41 had no effect on the County.

Vinton County Financial Condition
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

NOTE 4 – CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENTS (Continued)

Restatements

Restatements were made for prior year accounting errors for cash balances and accrued wages.

The restatements had the following effect on the fund balance/net assets as they were previously reported:

	General	Job & Family Services	Motor Vehicle Gas Tax	Community Development Loan	EMS Levy	Other Governmental	Total
Fund Balance 12/31/03	\$230,246	\$394,697	\$461,909	\$1,250,612	\$0	\$1,566,198	\$3,903,662
Accounting Errors	22,175	0	0	(257)	0	(4,115)	17,803
Fund Reclassification	0	0	0	0	121,244	(121,244)	0
Fund Balance 12/31/04	\$252,421	\$394,697	\$461,909	\$1,250,355	\$121,244	\$1,440,839	\$3,921,465

	Total Net Assets
Net Assets 12/31/03	\$9,466,388
Accounting Errors	17,803
Restated Net Assets 12/31/03	\$9,484,191

NOTE 5 - CONVERSION OF OPERATIONS FROM BUDGET BASIS TO GAAP BASIS

While reporting financial position, results of operations, and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (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 Statements of Revenues, Expenditures, and Changes in Fund Balances - Budget (Non-GAAP Budgetary Basis) and Actual for the General Fund and the Major Special Revenue Funds are presented on the budgetary basis 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. Outstanding year end encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance for governmental fund types (GAAP basis).
4. Advances in and out are treated as other financing sources/uses (budget basis) rather than as interfund liabilities (GAAP basis).

Adjustments necessary to convert the results of operations at the end of the year on the Budget basis to the GAAP basis are as follows:

Vinton County Financial Condition
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

NOTE 5 - CONVERSION OF OPERATIONS FROM BUDGET BASIS TO GAAP BASIS (Continued)

Net Change in Fund Balance General and Major Special Revenue Funds					
	General Fund	Job and Family Services Fund	Motor Vehicle and Gas Tax Fund	Community Development Loan Fund	Emergency Medical Services
GAAP Basis	(\$150,814)	(\$15,229)	\$282,319	(\$146,921)	(\$74,067)
Increases (Decreases) Due To:					
Revenue Accruals	157,395	16,521	(29,903)	407,677	(6,207)
Expenditure Accruals	(15,107)	2,749	(5,455)	(328,972)	2,828
Encumbrances	0	0	(18,729)	0	0
Budget Basis	<u>(\$8,526)</u>	<u>\$4,041</u>	<u>\$228,232</u>	<u>(\$68,216)</u>	<u>(\$77,446)</u>

NOTE 6 - DEPOSITS AND INVESTMENTS

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

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

Interim deposits are deposits of interim moneys. Interim moneys are those moneys which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

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

State statute permits inactive monies to be deposited or invested in the following securities:

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

Vinton County Financial Condition
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

NOTE 6 - DEPOSITS AND INVESTMENTS (Continued)

4. Bond and other obligations of the State of Ohio, its political subdivisions, or other units or agencies of this State 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) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2), or cash, or both securities and cash, equal value for equal value;
9. High grade commercial paper in an amount not to exceed 5 percent of the County's total average portfolio; and
10. Bankers acceptances for a period not to exceed two hundred seventy days and in an amount not to exceed 10 percent of the County's total average portfolio.

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

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

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, *Deposits With Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements*.

Deposits: At year end, the carrying amount of the County's deposits was \$3,121,490 and the bank balance was \$3,352,572. Of the bank balance:

1. \$216,118 was covered by federal depository insurance; and
2. \$3,136,454 was uninsured and uncollateralized. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the County held to a successful claim by the FDIC.

NOTE 7 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the County. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revalued every six years. The last revaluation was completed for 2003. Real property taxes are payable annually or semiannually. The first payment is due February 15, with the remainder payable by July 20.

Vinton County Financial Condition
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

NOTE 7 - PROPERTY TAXES (Continued)

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due October 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by October 20.

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

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

Accrued property taxes receivable represent delinquent taxes outstanding and real, tangible personal, and public utility taxes which were measurable and unpaid as of December 31, 2004. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31 and are not intended to finance 2004 operations. The receivable is therefore offset by a credit to deferred revenue.

The full tax rate for all County operations for the year ended December 31, 2004, was \$12.00 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2004 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Estate	\$120,570,680
Public Utility Personal Property	28,139,330
Tangible Personal Property	<u>13,336,519</u>
Total Property Taxes	<u>\$162,046,529</u>

NOTE 8 - PERMISSIVE SALES AND USE TAX

The County Commissioners, by resolution and vote of the people, imposed a one percent tax on certain retail sales made in the County. 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 State Auditor the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month. The State Auditor then has five days in which to draw the warrant payable to the County.

Proceeds of the tax are credited entirely to the General Fund. Amounts that have been collected by the State and are to be received within the available period are accrued as revenue. Sales and use tax revenue for 2004 amounted to \$710,558.

Vinton County Financial Condition
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

NOTE 9 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2004 was as follows:

<u>Governmental Activities</u>	Balance 1/1/04	Additions	Deletions	Balance 12/31/04
Non-depreciable Capital Assets:				
Land	\$58,558	\$0	\$0	\$58,558
Total Non-depreciable Capital Assets	<u>58,558</u>	<u>0</u>	<u>0</u>	<u>58,558</u>
Depreciable Capital Assets:				
Buildings	3,605,030	0	0	3,605,030
Infrastructure	1,499,644	760,484	0	2,260,128
Vehicles	1,348,198	24,200	0	1,372,398
Machinery and Equipment	1,405,083	207,692	0	1,612,775
Total Depreciable Capital Assets	<u>7,857,955</u>	<u>992,376</u>	<u>0</u>	<u>8,850,331</u>
Less Accumulated Depreciation:				
Buildings	(656,982)	(119,596)	0	(776,578)
Infrastructure	(28,520)	(77,869)	0	(106,389)
Vehicles	(1,057,136)	(97,383)	0	(1,154,519)
Machinery and Equipment	(1,144,301)	(101,170)	0	(1,245,471)
Total Accumulated Depreciation	<u>(2,886,939)</u>	<u>(396,018)</u>	<u>0</u>	<u>(3,282,957)</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>4,971,016</u>	<u>596,358</u>	<u>0</u>	<u>5,567,374</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$5,029,574</u>	<u>\$596,358</u>	<u>\$0</u>	<u>\$5,625,932</u>

Depreciation expense was charged to governmental functions as follows:

Governmental Activities:	
General Government:	
Legislative and Executive	\$57,616
Human Services	81,843
Public Safety	45,416
Public Works	211,143
Total	<u>\$396,018</u>

Vinton County Financial Condition
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

NOTE 10 - INTERGOVERNMENTAL RECEIVABLES

A summary of the principal items of intergovernmental receivables is as follows:

	Amount
<i>General Fund:</i>	
Local Government	\$215,798
Homestead & Rollback	37,244
<i>Total General Fund</i>	253,042
<i>Special Revenue Funds:</i>	
Juvenile Court Drug Project	98,958
Job and Family Services	1,582,034
EMS Levy	19,554
FY04 Private Rehab	275,000
FY04 OHTF	50,000
Recorder's Equipment	5,029
Senior Citizens	481
Safe Schools	5,347
State Victims	7,658
EMA	70,219
EMA - Cert 2003	1,985
EMA - SHSGP 2004	5,527
EMA - SHSGP 2004 - SAR	88,613
MRF	15,681
Community Corrections FY05	41,226
Motor Vehicle Gas Tax	933,858
CDBG LE-AX Water	275,000
FY03 Formula	83,000
Community Distress	10,300
FY03 CHIP	22,000
FY03 Private Rehab	328,500
FY03 Micro	50,000
Clean Ohio	86,027
Community Distress FY04	300,000
Fairground Building	18,750
FY04 Housing Preservation	65,000
FY04 Formula	87,000
FY04 CHIP	175,000
Total Special Revenue Funds	4,701,747
Total Governmental Activities	\$4,954,789

Vinton County Financial Condition
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

NOTE 11 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts, theft or damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During 2004, the County contracted with Buckeye Joint-County Self Insurance Council (a public entity shared risk pool, see Note 17) for liability, auto, and crime insurance. This joint venture is a cost-sharing pool. The program has a \$0 to \$5,000 deductible per occurrence.

Coverages provided by the program are as follows:

	<u>Aggregate</u>	<u>Each Occurrence</u>
General Liability	\$3,000,000	\$1,000,000
Public Officials Including Law Enforcement	3,000,000	1,000,000
Public Officials	3,000,000	1,000,000
Employee Benefits	3,000,000	1,000,000

In addition, the County maintains separate replacement cost insurance on buildings and contents in the amount of \$11,082,618, other property insurance including \$10,000 for extra expenses and \$100,000 for valuable papers and records insurance.

Health insurance was provided by a private carrier, United Health Care, for the year.

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

The County has not incurred significant reductions in insurance coverage from coverage in the prior year by major category of risk. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

NOTE 12- DEFINED BENEFIT RETIREMENT PLAN

The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans as described below:

The Traditional Pension Plan (TP) – a cost-sharing multiple-employer defined benefit pension plan.

The Member-Directed Plan (MD) – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon.

The Combined Plan (CO) – a cost-sharing multiple-employer defined benefit pension plan. Under the Combined Plan employer contributions are invested by OPERS 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, and survivor benefits as well as postretirement health care coverage to qualifying members of both the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.

The 2004 member contribution rates were 8.5% for members in classifications other than law enforcement and public safety. Members in the law enforcement classification, which consists generally of sheriffs and deputy sheriffs contributed at a rate of 10.1%. Public safety division members contributed at 9%. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. The Ohio Public Employees Retirement System issues a stand-alone financial report. Interested parties may obtain a copy, by making a written request to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6701 or (800) 222-7377.

Vinton County Financial Condition
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

NOTE 12- DEFINED BENEFIT RETIREMENT PLAN (Continued)

The 2004 employer contribution rate for local government employer units was 13.55% of covered payroll. For both the law enforcement and public safety divisions, the employer contribution rate for 2004 was 16.7%. The County's contributions to OPERS for the years ended December 31, 2004, 2003, and 2002, were \$790,295, \$873,794, and \$755,791 respectively.

Effective July 1, 1991, all employees not otherwise covered by the Public Employees Retirement System have an option to choose social security or the Public Employees Retirement System. As of December 31, 2004, none of the elected officials had elected social security.

NOTE 13 - POSTEMPLOYMENT BENEFITS

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

OPERS provides retirement, disability, and survivor benefits as well as postretirement health care coverage to qualifying members of both the Traditional and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including postemployment health care coverage.

In order to qualify for post-retirement health care coverage, age and service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS is considered to be an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12.

A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. For local government employer units, the rate was 13.55% of covered payroll for both fiscal years 2004 and 2003; 4.0% was used to fund health care for the year 2004 and 5.0% was used to fund health care for the year 2003.

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS.

Summary of Assumptions:

Actuarial Review - The assumptions and calculations below were based on OPERS' latest Actuarial Review performed as of December 31, 2003.

Funding Method – An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability.

Assets Valuation Method – All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets annually.

Investment Return – The investment assumption rate for 2003 was 8.00%.

Active Employee Total Payroll – An annual increase of 4.0%, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0% base increase, were assumed to range from .50% to 6.30%.

Vinton County Financial Condition
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

NOTE 13 - POSTEMPLOYMENT BENEFITS (Continued)

Health Care – Health care cost were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 1% to 6% for the next 8 years. In subsequent years (9 and beyond) health care costs were assumed to increase at 4% (the projected wage inflation rate).

OPEBs are advance-funded on an actuarially determined basis. The number of active contributing participants in the Traditional Pension and Combined Plans totaled 369,885 for 2004. The employer contributions that were used to fund postemployment benefits were \$291,619 for 2004. \$10.5 billion represents the actuarial value of OPERS’ net assets available for OPEBs at December 31, 2003.

The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$26.9 billion and \$16.4 billion, respectively.

OPERS Retirement Board adopted a Health Care Preservation Plan:

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS’ health care coverage to improve the financial solvency of the fund in response to skyrocketing health care costs.

Under HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

NOTE 14 - DEFERRED COMPENSATION

Vinton County employees and elected officials may participate in either the Ohio Public Employees Deferred Compensation program or the County Commissioners’ Association of Ohio Deferred Compensation Program, both created in accordance with Internal Revenue Service Code Section 457. Participation is on a voluntary payroll deduction basis. The plans permit deferral of compensation until future years. According to the plans, the deferred compensation is not available to employees until termination, retirement, death or in the case of an unforeseeable emergency. Both plans have implemented GASB Statement No. 32 in prior years. In accordance with the pronouncement, all assets and income of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries.

NOTE 15 - LONG-TERM DEBT

The County's long-term obligations at year-end consisted of the following:

<u>Types/Issues</u>	<u>Outstanding At 12/31/03</u>	<u>Increases</u>	<u>Decreases</u>	<u>Outstanding At 12/31/04</u>	<u>Due in One Year</u>
2002 – 5.10%					
County Job and Family Services Building General Obligation Bonds	\$1,959,039	\$0	\$43,076	\$1,915,963	\$45,301
1994 – 7.00%					
County Health Department Building General Obligation Bonds	67,108	0	7,702	59,406	8,242
2001 – 5.50%					
Juvenile Training District General Obligation Bonds	160,131	0	5,635	154,496	5,949
2000 – 5.75%					
County Courthouse Elevator Project General Obligation Bonds	205,207	0	7,382	197,825	7,812
Compensated Absences	299,091	311,541	299,091	311,541	31,611
Total General Long-Term Obligations	<u>\$2,690,576</u>	<u>\$311,541</u>	<u>\$362,886</u>	<u>\$2,639,231</u>	<u>\$98,915</u>

Vinton County Financial Condition
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

NOTE 15 - LONG-TERM DEBT (Continued)

The County issued two separate General Obligation Bonds in 1994 for the Vinton County Health Building in the amount of \$210,000 and for the Vinton County Human Services Building in the amount of \$925,000. The Human Services Building was never constructed and only engineering and related costs were paid for out of the bond issue.

The County issued General Obligation Bonds in 2000 in the amount of \$225,000 for building improvements which included the construction of an elevator in the County Courthouse.

The County issued General Obligation Bonds in 2001 in the amount of \$172,951 for their share of the construction costs of the South Central Ohio Regional Detention Training and Rehabilitation District.

The County issued General Obligation Bonds in 2002 in the amount of \$2,000,000 for the Job & Family Services building.

The debt service on these General Obligation Bond issues is payable from the Debt Service Funds. The compensated absences liability will be paid from the fund from which the employees are paid.

At December 31, 2004, the County's overall legal debt margin was \$12,256,498 with an unvoted debt margin of \$162,047.

The following is a summary of the County's future principal and interest requirements for general long-term debt obligations, including \$1,565,207 of interest:

	Health Department	Courthouse Elevator Project	Detention & Rehabilitation District	Job & Family Services
2005	\$12,400	\$19,077	\$14,366	\$142,444
2006	12,400	19,077	14,366	142,444
2007	12,400	19,077	14,366	142,444
2008	12,400	19,077	14,366	142,444
2009	12,400	19,077	14,366	142,444
2010-2014	12,400	95,385	71,830	427,332
2015-2019	0	95,385	71,830	427,332
2020-2024	0	19,077	21,549	427,332
2025-2029	0	0	0	427,332
2030-2034	0	0	0	427,332
2035-2039	0	0	0	427,346
	<u>\$74,400</u>	<u>\$305,232</u>	<u>\$237,039</u>	<u>\$3,276,226</u>

NOTE 16 - INTERFUND TRANSACTIONS

A. Interfund Payables/Receivables

Advances receivable and payable at December 31, 2004 consisted of the following:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$16,626	\$0
Community Dev.	170,420	300
Non-Major Funds	<u>50,000</u>	<u>236,746</u>
Total All Funds	<u>\$237,046</u>	<u>\$237,046</u>

Vinton County Financial Condition
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

NOTE 16 - INTERFUND TRANSACTIONS (Continued)

During 2004, the General and Community Development major funds and the Clean Ohio non-major governmental fund made advances to the Community Development Loan fund and the non-major governmental funds in anticipation of intergovernmental grant revenue.

B. Interfund Transfers

The following transfers in and out were made during 2004:

	Transfers In			Total
	General	Job and Family Services	Nonmajor Governmental Funds	
<u>Transfers Out</u>				
General	\$0	\$75,342	\$78,472	\$153,814
Community Development Loan	0	0	0	0
Nonmajor Governmental Funds	1,000	0	0	1,000
Total	\$1,000	\$75,342	\$78,472	\$154,814

Transfers are used to move revenues from the fund that collects them in accordance with statute or budget to the fund that is required to expend them in accordance with statute or budget; to segregate money for anticipated capital projects; to provide resources for current operations; or to service debt. The transfer into the General fund was court ordered from the OMVI Non-major Special Revenue Fund to use towards the purchase of a sheriff's cruiser.

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS

Gallia, Jackson, Meigs, and Vinton Joint Solid Waste Management District

The County is a member of the Gallia, Jackson, Meigs, and Vinton Joint Solid Waste Management District, which is a jointly governed organization of the four-named counties. The purpose of the District is to make disposal of waste in the four-county area more comprehensive in terms of recycling, incinerating, and land filling. The District is the residual district of the Six-County Joint Solid Waste District which was created in 1989, as required by the Ohio Revised Code. The original District consisted of Athens, Gallia, Hocking, Jackson, Meigs, and Vinton Counties; however, Athens and Hocking Counties have subsequently withdrawn.

The Gallia, Jackson, Meigs, and Vinton Joint Solid Waste Management District's sole revenue source is derived from a waste disposal fee for in-district and out-of-district waste. Although the Counties contributed amounts to the District at the time of its creation, all contributions have since been returned to the respective Counties and no future contributions by the Counties are anticipated. Continued existence of the District is not dependent on the Counties' continued participation, no equity interest exists, and no debt is outstanding. In the event that fees collected by the District are not sufficient for operating costs and expenses, the member Counties would share the costs incurred in the same proportions that the populations of each County, as reported in the most recent decennial census of the United States Bureau of Census, are to the total population of all member Counties.

South Central Regional Juvenile Detention Center

The South Central Regional Juvenile Detention Center is a jointly governed organization that was created as a holding place for juvenile offenders waiting for disposition by the respective Juvenile Courts of the member Counties. The current members include Pike, Pickaway, Ross, Jackson, Hocking, Athens, Fayette, Vinton and Highland Counties. The Center's Board consists of one member from each participating County that is appointed by the Juvenile Court Judge or a County Commissioner from each county. The joint Board selects the superintendent as the Center's administrator.

Vinton County Financial Condition
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS (Continued)

The Center's revenue is from per diem charges for inmates to the respective Counties and a percent of the County tax base to the total tax base. Ross County is the fiscal officer of the Center. Vinton County does not have any financial interest or responsibility. During 2004, Vinton County contributed \$51,606 to the Center.

Buckeye Joint-County Self Insurance Council

The Buckeye Joint-County Self Insurance Council is a jointly governed organization that serves Athens, Hocking, Jackson, Lawrence, Meigs, Monroe, Morgan, Noble, Perry, Pike, Vinton, and Washington counties, and was formed as an Ohio non-profit corporation for the purpose of establishing an insurance pool to obtain general liability, law enforcement, professional and fleet insurance. Member counties provide operating resources to the corporation based on actuarially determined rates.

The degree of control exercised by any participating government is limited to its representation on the Board. The Governing Board is composed of at least one County Commissioner from each of the participating counties. The Governing Board annually elects officers which include President, Vice President, Second Vice-President and two Governing Board Members. The expenditures and investments of funds by the officer must be approved by the Governing Board unless specific limits have been set by the Governing Board to permit.

In the event of losses, the first \$250 to \$1,000 of any valid claim, depending on the type of loss, will be paid by the member. The next payment, with a maximum pay ranging from \$100,000 to \$1,000,000 per occurrence, will come from the self-insurance pool based on the member's percentage of contribution. If the aggregate claims paid by the pool exceed the available resources, the pool may require the members to make additional supplementary payments. Vinton County does not have any ongoing financial interest or responsibility. The agreement between the County and the Council indicates that a voluntary withdrawal or termination by the County shall constitute a forfeiture of any pro-rata share of the council reserve fund.

In the event of the termination of the Council, current members shall be paid in an amount they have contributed to the Council as of the last month of the Council's existence. Current calculation of this potential residual interest is, therefore, not possible. During 2004, Vinton County paid \$56,057 to the Council for insurance coverage. This jointly governed organization is a cost-sharing pool.

Ohio Government Risk Management Plan

The Buckeye Joint-County Self Insurance Council belongs to the Ohio Government Risk Management Plan; an unincorporated non-profit association with approximately 500 public entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services. Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each members' needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible.

The Plan uses conventional insurance coverages and reinsures these coverages. The Plan retains a small portion of the risk as identified in the Plan's financials presented on the website at www.ohioplan.com. The individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

Alcohol, Drug Addiction and Mental Health Services Board of Athens, Hocking and Vinton Counties

The Alcohol, Drug Addiction and Mental Health Services Board of Athens, Hocking and Vinton Counties is a jointly governed organization that serves Athens, Hocking and Vinton Counties, and is established for the purpose of providing alcohol, drug addiction and mental health services to the residents of these counties.

Vinton County Financial Condition
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS (Continued)

Each participating county has agreed to levy a tax within their county to assist in the operation of the Board, whose passage requires a majority in the total three-county district. This entity is governed by an eighteen member Board that is responsible for its own financial matters and operates autonomously from Vinton County. The Athens County Auditor serves as the fiscal agent for the revenues of the Board, but the Board is responsible to budget and account for their resources. Nine of the Board Members are appointed by the Commissioners of the member Counties apportioned by population. Five of the remaining members are appointed by the Ohio Department of Alcohol and Drug Addiction Service and the other four members are appointed by the Ohio Department of Mental Health. The Board derives its revenue from local property taxes, intergovernmental grants and reimbursements, and other miscellaneous revenue. Vinton County has no ongoing financial interest or responsibility in this Board.

Vinton County Community Improvement Corporation

Vinton County is affiliated with the Vinton County Community Improvement Corporation (the CIC). The CIC has a twelve member Board which consists of the Vinton County Commissioners, the Vinton County Auditor and the Vinton County Treasurer as well as various other business representatives and community members. The Vinton County Treasurer serves as the President of the CIC. The CIC's purpose is to better the County by providing means for job development. The County is not financially accountable for the CIC. For a copy of the CIC's audit report, contact Larry E. Clary, CIC President at (740) 596-5690.

NOTE 18 - COMPONENT UNIT

Vinton Industries, Inc.

Vinton Industries, Inc., a discretely presented component unit of Vinton County, prepared their financial statements on a modified basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles. The Corporation maintains checking and savings accounts. The Corporation has no investments or non-cash holdings other than certificates of deposit. At December 31, 2004, the carrying amount of the Corporation's deposits was \$11,680 and the bank balance was \$11,678. The entire bank balance was covered by federal deposit insurance. There are no statutory guidelines regarding the deposit and investment of funds by the Corporation. Property, plant and equipment have been recorded at cost and depreciation is computed on the straight line method over the estimated useful lives of the assets.

The Corporation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal income tax is required.

NOTE 19 - CONTINGENT LIABILITIES

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Based on prior experience, the County Commissioners believe such disallowances, if any, will be immaterial.

The County had several pending litigation cases at December 31, 2004. Management believes that the financial impact of these cases, if any, would not be material to the basic financial statements of the County.

Vinton County Financial Condition
Schedule of Federal Awards Expenditures
For the Year Ended December 31, 2004

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
U.S. Department of Agriculture			
<i>Direct from the Federal Government</i>			
Rural Business Enterprise Grant (RBEG)	N	10.769	\$112,852
Rural Business Opportunity Grant (RBOG)	N	10.773	5,854
Rural Housing Preservation Grants	N	10.433	80,777
Housing Application Packaging Grants	N	10.442	746
Total U.S. Department of Agriculture			200,229
U. S. Department of Housing & Urban Development			
<i>Passed through the Ohio Department of Development</i>			
Community Development Block Grants		14.228	
Le-Ax Water Line Project	B-W-03-075-1		403,915
Appalachian Regional Commission Program - Le-Ax Water	B-P-02-075-1		288,793
New Horizon	B-N-03-075-1		12,739
Micro Enterprise	B-M-03-075-1		47,209
Discretionary ReUse	B-D-03-075-1		92,000
FY 02 CHIP	G30419		2,186
FY 03 CHIP	B-C-03-075-1		158,994
FY 04 CHIP	B-C-04-075-1		5,227
FY 03 Formula	B-P-03-075-1		39,761
FY 02 Community Distress	B-X-02-075-1		113,418
FY 03 Community Distress	B-X-03-075-1		147
Total Community Development Block Grants			1,164,389
HOME Investment Partnership Program	B-C-04-075-2	14.239	5,000
HOME Investment Partnership Program	B-C-03-075-2	14.239	294,548
			299,548
Total U. S. Department of Housing & Urban Development			1,463,937
U. S. Department of Justice			
Local Law Enforcement Block Grants Program	N	16.592	8,954
<i>Passed through the Ohio Department of Youth Services</i>			
Juvenile Accountability Incentive Block Grant	JB-015-B007	16.523	8,595
<i>Passed through Governor's Office of Criminal Justice Services</i>			
Public Safety Partnership and Community Policing Grants	1996-UM-VWX-0953	16.710	70
Byrne Memorial	2002-DG-D02-7365	16.579	51,532
Drug Court Discretionary Grant Program	2001-DC-BX-0040	16.585	82,129
Total U. S. Department of Justice			151,280
U.S. Department of Labor			
<i>Passed through the Ohio Department of Human Services</i>			
<i>Workforce Initiative Allocation Cluster:</i>			
Workforce Initiative Allocation-Dislocated Workers	N/A	17.260	33,574
Workforce Initiative Allocation-Adult	N/A	17.258	230,450
Workforce Initiative Allocation-Youth	N/A	17.259	275,824
Total Workforce Initiative Allocation Cluster:			539,848
Unemployment Insurance	N/A	17.225	20,046
Total U.S. Department of Labor			559,894

Vinton County Financial Condition
Schedule of Federal Awards Expenditures
For the Year Ended December 31, 2004

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>U.S. Department of Transportation</u>			
Airport Improvement Program	N	20.106	5,593
Total U.S. Department of Transportation			5,593
<u>U.S. Environmental Protection Agency</u>			
<i>Passed through the Ohio Environmental Protection Agency</i>			
Rural Hardship Grant Program	PL 104-134	66.470	96,767
Total U.S. Environmental Protection Agency			96,767
<u>U.S. Department of Health & Human Services</u>			
<i>Passed through the State Department of MRDD</i>			
Social Services Block Grant (SSBG) - Title XX	N/A	93.667	11,961
Medical Assistance Program - TCM	N/A	93.778	30,629
Medical Assistance Program - CAFS	N/A	93.778	4,715
			35,344
Total U. S. Department of Health & Human Services			47,305
<u>U.S. Department of Homeland Security</u>			
<i>Passed through the Ohio Emergency Management Agency</i>			
State Domestic Preparedness Equipment Support Program	GE-T4-0025	97.004	280,922
Emergency Management Performance Grant	N/A	97.042	71,712
State and Local All Hazards Emergency Operations Planning	N/A	97.051	13,276
Citizen Corps (B)	N/A	97.053	5,415
Total U.S. Department of Homeland Security			371,325
<u>U.S. General Services Administration</u>			
<i>Passed through the Secretary of State of Ohio</i>			
Election Reform Payments	04-SOS-HAVA-82	39.011	38,102
Total U.S. General Services Administration			38,102
Total Federal Financial Assistance			2,934,432

Legend:
N/A=Pass through entity number not available
N=Direct federal award

See accompanying Notes to the Schedule of Federal Awards Expenditures

Vinton County Financial Condition
Notes to the Schedule of Federal Awards Expenditures
For the Year Ended December 31, 2004

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures is a summary of the activity of the County's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B – 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 expenditures of non-Federal matching funds is not included on the Schedule.

NOTE C – REVOLVING LOAN FUNDS

The County has established a revolving loan program to provide low interest loans to businesses to create jobs for persons from low to moderate income households and to eligible persons to rehabilitate homes. The Federal Department of Housing and Urban Development (HUD) grants money from these loans to the County, passed through the Ohio Department of Development (ODOD). The initial loan of this money is recorded as a disbursement on the accompanying Schedule of Federal Awards Expenditures. Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as disbursements on the Schedule.

These loans are collateralized by mortgages of property and equipment and by guarantees. At December 31, 2004, the gross amounts of loans outstanding under this program were \$892,879.

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Ohio Society of Certified Public Accountants

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based On an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Board of Commissioners
Vinton County
100 Main Street
McArthur, Ohio 45651

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Vinton County, Ohio, (the County), as of and for the year ended December 31, 2004, which collectively comprise the County's basic financial statements as listed in the table of contents, and have issued our report thereon dated August 26, 2005. 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.

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 opinions on the basic financial statements and not to provide an opinion 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 that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud 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.

Compliance and Other Matters

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, regulation, contracts, and grant agreements, 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the County in a separate letter dated August 26, 2005.

Board of Commissioners
Vinton County

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance With *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of management, the Board of Commissioners, and 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 cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.
August 26, 2005

BALESTRA, HARR & SCHERER CPAs, INC.

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Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

Board of Commissioners
Vinton County
100 Main Street
McArthur, Ohio 45651

Compliance

We have audited the compliance of Vinton 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 its major federal program for the year ended December 31, 2004. The County's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its 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 with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. 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 of 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 its major federal program for the year ended December 31, 2004. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2004.01.

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.

Board of Commissioners
Vinton County

Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

Page 2

Internal Control Over Compliance (Continued)

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 reportable 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 caused by error or fraud 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.

This report is intended solely for the information and use of management, the Board of Commissioners, and 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.



Balestra, Harr & Scherer, CPAs, Inc.
August 26, 2005

Vinton County Financial Condition
Schedule of Findings and Questioned Costs
OMB Circular A-133 Section .505
December 31, 2004

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

Vinton County Financial Condition
Schedule of Findings and Questioned Costs
OMB Circular A-133 Section .505
December 31, 2004

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding Number: 2004.01

Noncompliance with Davis-Bacon Act:

The Davis-Bacon federal compliance requirement of the Community Development Block Grants federal award states that non-federal entities shall include in their construction contracts subject to the Davis-Bacon Act a requirement that the contractor or subcontractor comply with the requirements of the Davis-Bacon Act. This includes a requirement for the contractor or subcontractor to submit to the non-Federal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls) (29 CFR sections 5.5 and 5.6). The County has a contract with a company for the installation of water lines funded by Community Development Block Grant federal funds. Weekly payroll reports were only obtained from the company for the project through mid-August of 2004. However, the project was only 42 to 52% completed by that time.

Vinton County Financial Condition
Corrective Action Plan
OMB Circular A-133 Section .315(b)
For the Year Ended December 31, 2004

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2004.01	The Community Development Coordinator will monitor weekly payroll submissions from contractors during federally funded projects and obtain certified payrolls for the missing period for the project in question.	12/31/04	Ken Reed, Community Development Coordinator

Vinton County Financial Condition
Schedule of Prior Audit Findings
December 31, 2004

Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Findings No Longer Valid (Explain)
2003.001	Ohio Revised Code Section 5705.41 (B) Noncompliance: Expenditures and Encumbrances in Excess of Appropriations	Yes	



**Auditor of State
Betty Montgomery**

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FINANCIAL CONDITION

VINTON 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 26, 2006**