



*VINTON COUNTY, OHIO*

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**SINGLE AUDIT**

**For the Year Ended December 31, 2006**

**J.L. UHRIG**  
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS







# Mary Taylor, CPA

Auditor of State

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

We have reviewed the *Independent Auditor's Report* of Vinton County, prepared by J.L. Uhrig and Associates, Inc., for the audit period January 1, 2006 through December 31, 2006. 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.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

October 17, 2007

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**VINTON COUNTY, OHIO**  
**Table of Contents**  
**For the Year Ended December 31, 2006**

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Independent Auditor's Report .....	1
Management's Discussion and Analysis .....	3
<b>Basic Financial Statements:</b>	
<i>Government-Wide Financial Statements:</i>	
Statement of Net Assets – Cash Basis .....	10
Statement of Activities – Cash Basis .....	11
<i>Fund Financial Statements:</i>	
Statement of Cash Basis Assets and Fund Balances and Cash Receipts, Cash Disbursements and Changes in Fund Balances - Governmental Funds - Cash Basis .....	12
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – General Fund .....	13
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – MR/DD Fund .....	14
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – Public Assistance Fund .....	15
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – Motor Vehicle Gasoline Tax Fund .....	16
Statement of Fiduciary Net Assets – Cash Basis - Fiduciary Fund .....	17
Statement of Changes in Fiduciary Net Assets – Cash Basis - Private Purpose Trust Fund .....	18
Notes to the Basic Financial Statements .....	19
Schedule of Federal Awards Expenditures .....	35
Notes to the Schedule of Federal Awards Expenditures .....	37
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required By <i>Government Auditing Standards</i> .....	38
Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 .....	40
Schedule of Findings and Questioned Costs .....	42
Corrective Action Plan .....	45

## Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Vinton County, Ohio, (the County) as of and for the year ended December 31, 2006, 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 did audit the financial statements of Vinton Industries, Inc., which is included as a discrete presentation in the County's basic financial statements.

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

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

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective cash basis 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, 2006, and the respective changes in cash basis financial position and the respective budgetary comparison for the General Fund, MRDD Fund, Public Assistance Fund and, Motor Vehicle Gasoline Tax Fund thereof for the year then ended in conformity with accounting basis Note 2 describes.

Vinton County, Ohio  
Independent Auditor's Report

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2007, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The schedule of federal awards expenditures is required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The schedule of federal awards expenditures 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.

*J. L. Uhrig and Associates, Inc.*

J. L. UHRIG AND ASSOCIATES, INC.

September 13, 2007

**Vinton County**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2006*  
*Unaudited*

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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, 2006. 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 2006 are as follows:

- Net assets of governmental activities increased \$196,136.
- General cash receipts accounted for \$5,365,991 in receipts or 34 percent of all cash receipts. Program specific cash receipts in the form of charges for services, grants and contributions accounted for \$10,493,201 or 66 percent of total cash receipts of \$15,859,192.
- The County had \$15,663,056 in cash disbursements related to governmental activities; \$10,493,201 of these cash disbursements were offset by program specific charges for services, grants and contributions. General cash receipts (primarily grants, entitlements, and property taxes) of \$5,365,991 were adequate to provide for these programs.

**Using the Basic Financial Statements**

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

**Report Components**

The *Statement of Net Assets-Cash Basis* and *Statement of Activities-Cash Basis* provide information about the activities of the whole County, presenting an aggregate view of the County's cash basis finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed and what remains for future spending on a cash basis. The fund financial statements also look at the County's most significant funds with all other non-major funds presented in total in one column. In the case of Vinton County, the General Fund, the Motor Vehicle Gasoline Tax Fund, the Public Assistance Fund, and the Board of Mental Retardation and Developmental Disabilities (MR/DD) Fund are the most significant funds and have been presented as major funds.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the County as a way to segregate money whose use is restricted to a particular specific purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the basic financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the basic financial statements.

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The County has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America. Under the County's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

**Vinton County**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2006*  
*Unaudited*

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As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**Reporting the County as a Whole**

*Statement of Net Assets and Statement of Activities*

The statement of net assets-cash basis and the statement of activities-cash basis reflect how the County did financially during 2006, within the limitations of the cash basis of accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the County at year end. The statement of activities-cash basis compares cash disbursements with program cash receipts for each governmental program. Program cash receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General cash receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the County's general receipts.

These statements report the County's cash position and the changes in cash position. Keeping in mind the limitations of cash basis accounting, you can think of these changes as one way to measure the County's financial health. Over time, increases or decreases in the County's cash position is one indicator of whether the County's financial health is improving or deteriorating. When evaluating the County's financial condition, you should also consider other non-financial factors as well as such as the County's property tax base, the condition of the County's capital assets and infrastructure, the extent of the County's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the statement of net assets-cash basis and the statement of activities-cash basis, the County has one type of activity; governmental.

**Reporting the County's Most Significant Funds**

**Fund Financial Statements**

Fund financial statements provide detailed information about the County's major funds – not the County as a whole. The County uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the County's most significant funds. The County's major governmental funds are the General fund, the MRDD fund, the Public Assistance fund, and the Motor Vehicle Gasoline Tax fund.

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

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

**Vinton County**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2006*  
*Unaudited*

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. In accordance with GASB 34, fiduciary funds are not included in the government-wide financial statements. Trust funds are used to account for assets held by the County under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the County's own programs.

**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 2006:

Table 1  
NET ASSETS - Cash Basis

	<u>Governmental Activities</u>
	2006
<i>Assets</i>	
Equity in Pooled Cash and Cash Equivalents	\$2,675,637
Total Assets	2,675,637
<i>Net Assets</i>	
Restricted	2,591,375
Unrestricted	84,262
Total Net Assets	\$2,675,637

The prior year is not presented due to the County reporting on a cash basis for the current fiscal year while the prior year was reported on a basis of accounting in accordance with accounting principles generally accepted in the United States of America. See Note 15 for additional information regarding this change.

Table 2 shows the highlights of the County's cash receipts and cash disbursements. These two main components are subtracted to yield the change in net assets.

Cash Receipts is further divided into two major components: Program Cash Receipts and General Cash Receipts. Program Cash Receipts are defined as charges for services, capital and operating grants, and contributions. General Cash Receipts include property taxes, unrestricted grants, unrestricted contributions, interest and miscellaneous receipts.

**Vinton County**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2006*  
*Unaudited*

Table 2  
Changes in Net Assets - Cash Basis

	Governmental Activities 2006
<b>Cash Receipts</b>	
Program Cash Receipts:	
Charges for Services	\$1,445,492
Operating Grants and Contributions	8,995,449
Capital Grants and Contributions	52,260
Total Program Cash Receipts	10,493,201
General Cash Receipts:	
Property Taxes	1,912,649
Sales Taxes	790,942
Unrestricted Grants and Entitlements	268,263
Interest	229,143
Miscellaneous	2,164,994
Total General Cash Receipts	5,365,991
Total Cash Receipts	15,859,192
<b>Cash Disbursements</b>	
Program Cash Disbursements:	
General Government	
Legislative & Executive	1,424,734
Judicial	645,933
Public Safety	1,114,939
Public Works	4,210,485
Health	1,565,641
Human Services	5,128,576
Conservation & Recreation	114,431
Community & Economic Development	66,029
Other	1,017,586
Capital Outlay	257,635
Principal Retirement	71,010
Interest & Fiscal Charges	46,057
Total Cash Disbursements	15,663,056
Change in Net Assets	196,136
Net Assets - Beginning of Year *	2,479,501
Net Assets - End of Year	\$2,675,637

\*As Restated. See Note 15.

The prior year is not presented due to the County reporting on a cash basis for the current fiscal year while the prior year was reported on a basis of accounting in accordance with accounting principles generally accepted in the United States of America. See Note 15 for additional information regarding this change.

**Vinton County**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2006*  
*Unaudited*

**Governmental Activities**

Operating Grants and Contributions made up 57 percent of cash receipts for governmental activities of Vinton County for fiscal year 2006. Property tax receipts made up 12 percent of the total cash receipts for governmental activities for a total of 69 percent of all cash receipts coming from property taxes and operating grants and contributions.

Human Services comprises 33 percent of governmental program cash disbursements. Public Works expenses make up 27 percent of governmental cash disbursements.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. In Table 3, the total cost of services column contains all costs related to the programs and the net cost column shows how much of the total amount is not covered by program cash receipts. Net costs are costs that must be covered by unrestricted State aid or local taxes. The difference in these two columns would represent charges for services, restricted grants, fees, and donations.

Total Cost of Program Services  
Governmental Activities - Cash Basis

	2006	
	Total Cost of Service	Net Cost of Service
General Government		
Legislative and Executive	\$1,424,734	\$937,969
Judicial	645,933	323,417
Public Safety	1,114,939	581,201
Public Works	4,210,485	1,121,950
Health	1,565,641	346,632
Human Services	5,128,576	1,139,285
Conservation & Recreation	114,431	24,852
Community & Economic Development	66,029	14,340
Other	1,017,586	516,030
Capital Outlay	257,635	47,112
Principal	71,010	71,010
Interest and Fiscal Charges	46,057	46,057
Total Cash Disbursements	\$15,663,056	\$5,169,855

***The County's Funds***

The County's major funds are accounted for using the cash basis of accounting. All governmental funds had total cash receipts and other financing sources of \$16,170,984 and cash disbursements and other financing uses of \$15,974,848. The net change in fund balance for the year was most significant in the Motor Vehicle Gasoline Tax Fund and the Public Assistance Fund, where the Motor Vehicle and Gas Tax Fund cash balance went from \$640,040 in 2005 to \$912,537 for 2006, and the Public Assistance Fund cash balance went from \$71,729 in 2005 to \$221,340 for 2006. For the Motor Vehicle Gasoline Tax Fund, cash receipts exceeded cash disbursements in the amount of \$272,497 and, in the Public Assistance Fund, cash receipts exceeded cash disbursements in the amount of \$149,611.

The cash disbursements for the MRDD Fund exceeded cash receipts in the amount of \$89,462. For the General Fund, cash receipts exceeded cash disbursements in the amount of \$28,553.

**Vinton County**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2006*  
*Unaudited*

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**General Fund Budgeting Highlights**

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

For the General Fund, original and final budgets were revised during fiscal year 2006 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 \$47,294 under the final budgeted amount.

**Capital Assets and Debt Administration**

**Capital Assets**

The County does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements. The County had capital outlay disbursements of \$257,635 during fiscal year 2006.

**Debt**

Under the cash basis of accounting the County does not report bonds, long-term notes or short-term notes in the accompanying cash basis financial statements. However, in order to provide information to the readers of this report, we are providing the following detailed information the County's long-term obligations. At December 31, 2006 the County had \$2,189,375 in bonds and related long-term debt for Governmental Activities with \$74,919 due within one year.

Table 5 summarizes bonds and notes outstanding:

Table 5  
 Outstanding Debt at December 31

	Governmental Activities	
	2006	2005
County Job & Family Services Building Bonds	\$1,823,020	\$1,870,661
Other Bonds	366,355	389,724
<b>TOTAL</b>	<b>\$2,189,375</b>	<b>\$2,260,385</b>

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 10 to the Basic Financial Statements.

**Vinton County**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2006*  
*Unaudited*

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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 and 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, 2006, the County's overall legal debt margin was \$12,402,508 with an unvoted debt margin of \$162,132. The debt is well within permissible limits.

**Contacting the County's Financial Management**

This financial report is designed to provide our citizen's, 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)596-4571 (Extension 231).

**Vinton County**  
**Statement of Net Assets - Cash Basis**  
**December 31, 2006**

	<u>Primary Government Governmental Activities</u>	<u>Component Unit</u>
<b>ASSETS</b>		
Equity in Pooled Cash and Cash Equivalents	\$ 2,675,637	\$ 5,340
<i>Total Assets</i>	<u>2,675,637</u>	<u>5,340</u>
<b>NET ASSETS</b>		
Restricted for:		
Debt Service	308	-
Capital Projects	128,989	-
Public Assistance	221,340	-
Motor Vehicle Gasoline Tax	912,537	-
MRDD	305,083	-
Other Purposes	1,023,118	-
Unrestricted	<u>84,262</u>	<u>5,340</u>
<i>Total Net Assets</i>	<u>\$ 2,675,637</u>	<u>\$ 5,340</u>

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

Vinton County  
Statement of Activities - Cash Basis  
For the Year Ended December 31, 2006

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets	
	Cash Disbursements	Operating		Primary Government		
		Charges for Services	Grants and Contributions	Capital Grants and Contributions	Total	Component Unit
Governmental Activities:						
General Government:						
Legislative and Executive	\$ 1,424,734	\$ 303,062	\$ 183,703	\$ -	\$ (937,969)	\$ -
Judicial	645,933	85,127	237,389	-	(323,417)	-
Public Safety	1,114,939	152,492	381,246	-	(581,201)	-
Public Works	4,210,485	285,293	2,803,242	-	(1,121,950)	-
Health	1,565,641	100,497	1,118,512	-	(346,632)	-
Human Services	5,128,576	359,009	3,630,282	-	(1,139,285)	-
Conservation and Recreation	114,431	7,228	82,351	-	(24,852)	-
Community and Economic Development	66,029	4,171	47,518	-	(14,340)	-
Other	1,017,586	135,844	365,712	-	(516,030)	-
Capital Outlay	257,635	12,769	145,494	52,260	(47,112)	-
Debt Service:						
Principal Retirement	71,010	-	-	-	(71,010)	-
Interest and Fiscal Charges	46,057	-	-	-	(46,057)	-
<b>Total Governmental Activities</b>	<b>15,663,056</b>	<b>1,445,492</b>	<b>8,995,449</b>	<b>52,260</b>	<b>(5,169,855)</b>	<b>-</b>
Component Unit:						
Vinton Industries, Inc.	83,500	34,538	36,037	-		(12,925)
<b>Total Component Unit</b>	<b>83,500</b>	<b>34,538</b>	<b>36,037</b>	<b>-</b>		<b>(12,925)</b>

**General Cash Receipts**

Property Taxes Levied for:		
General Purposes	880,516	-
MRDD	298,602	-
Special Purposes	733,531	-
Sales Taxes	790,942	-
Grants and Entitlements Not Restricted to Specific Programs	268,263	-
Miscellaneous	2,164,994	16,793
Interest	229,143	8
<b>Total General Cash Receipts</b>	<b>5,365,991</b>	<b>16,801</b>
<i>Change in Net Assets</i>	196,136	3,876
<i>Net Assets Beginning of Year - Restated, See Note 15</i>	2,479,501	1,464
<i>Net Assets End of Year</i>	<b>\$ 2,675,637</b>	<b>\$ 5,340</b>

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

**Vinton County**  
**Statement of Cash Basis Assets and Fund Balances and**  
**Cash Receipts, Cash Disbursements and Changes in Cash Basis Fund Balances - Governmental Funds - Cash Basis**  
**For the Year Ended December 31, 2006**

	General	MRDD	Public Assistance	Motor Vehicle Gasoline Tax	All Other Governmental Funds	Total Governmental Funds
<b>Cash Receipts</b>						
Taxes	\$ 1,671,458	\$ 298,602	\$ -	\$ -	\$ 544,299	\$ 2,514,359
Charges for Services	479,454	-	-	377	835,519	1,315,350
Licenses and Permits	1,236	-	-	-	-	1,236
Fines and Forfeitures	96,186	-	-	26,087	6,632	128,905
Intergovernmental	267,933	262,959	3,578,124	3,097,179	2,299,110	9,505,305
Interest	202,420	-	-	17,158	9,565	229,143
Other	183,921	38,076	470,873	327,349	1,144,675	2,164,894
<i>Total Cash Receipts</i>	<u>2,902,608</u>	<u>599,637</u>	<u>4,048,997</u>	<u>3,468,150</u>	<u>4,839,800</u>	<u>15,859,192</u>
<b>Cash Disbursements</b>						
General Government:						
Legislative and Executive	1,084,798	-	-	-	339,936	1,424,734
Judicial	316,068	-	-	-	329,865	645,933
Public Safety	585,177	-	-	13,625	516,137	1,114,939
Public Works	136,616	-	-	3,182,028	891,841	4,210,485
Health	11,410	689,099	-	-	865,132	1,565,641
Human Services	84,108	-	3,987,807	-	1,056,661	5,128,576
Conservation and Recreation	-	-	-	-	114,431	114,431
Community and Economic Development	-	-	-	-	66,029	66,029
Other	488,236	-	-	-	529,350	1,017,586
Capital Outlay	-	-	-	-	257,635	257,635
Debt Service:						
Principal Retirements	-	-	-	-	71,010	71,010
Interest and Fiscal Charges	-	-	-	-	46,057	46,057
<i>Total Cash Disbursements</i>	<u>2,706,413</u>	<u>689,099</u>	<u>3,987,807</u>	<u>3,195,653</u>	<u>5,084,084</u>	<u>15,663,056</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>196,195</u>	<u>(89,462)</u>	<u>61,190</u>	<u>272,497</u>	<u>(244,284)</u>	<u>196,136</u>
<b>Other Financing Sources and (Uses):</b>						
Transfers In	-	-	88,421	-	79,221	167,642
Advances In	-	-	-	-	144,150	144,150
Transfers Out	(167,642)	-	-	-	-	(167,642)
Advances Out	-	-	-	-	(144,150)	(144,150)
<i>Total Other Financing Sources and (Uses)</i>	<u>(167,642)</u>	<u>-</u>	<u>88,421</u>	<u>-</u>	<u>79,221</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	<u>28,553</u>	<u>(89,462)</u>	<u>149,611</u>	<u>272,497</u>	<u>(165,063)</u>	<u>196,136</u>
<i>Cash Basis Fund Balances at Beginning of Year - Restated, See Note 15</i>	<u>\$ 55,709</u>	<u>\$ 394,545</u>	<u>\$ 71,729</u>	<u>\$ 640,040</u>	<u>\$ 1,317,478</u>	<u>\$ 2,479,501</u>
<i>Cash Basis Fund Balances at End of Year</i>	<u>\$ 84,262</u>	<u>\$ 305,083</u>	<u>\$ 221,340</u>	<u>\$ 912,537</u>	<u>\$ 1,152,415</u>	<u>\$ 2,675,637</u>
<b>CASH BASIS ASSETS AT END OF YEAR:</b>						
Equity in Pooled Cash and Cash Equivalents	<u>\$ 84,262</u>	<u>\$ 305,083</u>	<u>\$ 221,340</u>	<u>\$ 912,537</u>	<u>\$ 1,152,415</u>	<u>\$ 2,675,637</u>
<i>Total Assets</i>	<u>\$ 84,262</u>	<u>\$ 305,083</u>	<u>\$ 221,340</u>	<u>\$ 912,537</u>	<u>\$ 1,152,415</u>	<u>\$ 2,675,637</u>
<b>CASH FUND BALANCES AT YEAR END:</b>						
Reserved for Encumbrances	\$ -	\$ -	\$ -	\$ 32,966	\$ 4,012	\$ 36,978
Unreserved, Undesignated Report In:						
General Fund	84,262	-	-	-	-	84,262
Special Revenue Funds	-	305,083	221,340	879,571	1,019,106	2,425,100
Debt Service Funds	-	-	-	-	308	308
Capital Projects Funds	-	-	-	-	128,989	128,989
<i>Total Cash Basis Fund Balances</i>	<u>\$ 84,262</u>	<u>\$ 305,083</u>	<u>\$ 221,340</u>	<u>\$ 912,537</u>	<u>\$ 1,152,415</u>	<u>\$ 2,675,637</u>

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

**Vinton County**  
*Statement of Cash Receipts, Cash Disbursements, And Changes*  
*in Fund Cash Balance - Budget (Non-GAAP Budgetary Basis) and Actual*  
*General Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>CASH RECEIPTS:</b>				
Taxes	\$1,595,022	\$1,644,540	\$1,671,458	\$26,918
Charges for Services	457,528	471,733	479,454	7,721
Licenses and Permits	1,179	1,216	1,236	20
Fines and Forfeitures	91,787	94,637	96,186	1,549
Intergovernmental	255,680	263,618	267,933	4,315
Interest	193,163	199,160	202,420	3,260
Other	174,122	179,528	183,921	4,393
Total Cash Receipts	<u>2,768,481</u>	<u>2,854,432</u>	<u>2,902,608</u>	<u>48,176</u>
<b>CASH DISBURSEMENTS:</b>				
Current:				
General Government:				
Legislative and Executive	1,004,896	1,084,865	1,084,798	67
Judicial	303,450	316,087	316,068	19
Public Safety	532,563	585,213	585,177	36
Public Works	138,440	136,624	136,616	8
Health	15,929	11,411	11,410	1
Human Services	98,563	84,120	84,108	12
Other	548,346	502,211	503,236	(1,025)
Total Cash Disbursements	<u>2,642,187</u>	<u>2,720,531</u>	<u>2,721,413</u>	<u>(882)</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	<u>126,294</u>	<u>133,901</u>	<u>181,195</u>	<u>47,294</u>
<b>OTHER FINANCING USES:</b>				
Transfers Out	<u>(145,036)</u>	<u>(152,642)</u>	<u>(152,642)</u>	<u>0</u>
Total Other Financing Uses	<u>(145,036)</u>	<u>(152,642)</u>	<u>(152,642)</u>	<u>0</u>
Net Change in Fund Balance	(18,742)	(18,741)	28,553	47,294
Fund Balance at Beginning of Year	<u>55,709</u>	<u>55,709</u>	<u>55,709</u>	<u>0</u>
Fund Balance at End of Year	<u>\$36,967</u>	<u>\$36,968</u>	<u>\$84,262</u>	<u>\$47,294</u>

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

**Vinton County**  
*Statement of Cash Receipts, Cash Disbursements, And Changes  
in Fund Cash Balance - Budget (Non-GAAP Budgetary Basis) and Actual  
MRDD Fund  
For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>CASH RECEIPTS:</b>				
Taxes	\$264,356	\$264,356	\$298,602	\$34,246
Intergovernmental	0	247,969	262,959	14,990
Other	0	37,053	38,076	1,023
Total Cash Receipts	<u>264,356</u>	<u>549,378</u>	<u>599,637</u>	<u>50,259</u>
<b>CASH DISBURSEMENTS:</b>				
Current:				
Health	<u>658,901</u>	<u>943,921</u>	<u>689,099</u>	<u>254,822</u>
Total Cash Disbursements	<u>658,901</u>	<u>943,921</u>	<u>689,099</u>	<u>254,822</u>
Net Change in Fund Balance	(394,545)	(394,543)	(89,462)	305,081
Fund Balance at Beginning of Year	<u>394,545</u>	<u>394,545</u>	<u>394,545</u>	<u>0</u>
Fund Balance at End of Year	<u>\$0</u>	<u>\$2</u>	<u>\$305,083</u>	<u>\$305,081</u>

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

**Vinton County**  
*Statement of Cash Receipts, Cash Disbursements, And Changes  
in Fund Cash Balance - Budget (Non-GAAP Budgetary Basis) and Actual  
Public Assistance Fund  
For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>CASH RECEIPTS:</b>				
Intergovernmental	\$3,244,411	\$3,408,629	\$3,578,124	\$169,495
Other	528,160	554,893	559,294	4,401
Total Cash Receipts	<u>3,772,571</u>	<u>3,963,522</u>	<u>4,137,418</u>	<u>173,896</u>
<b>CASH DISBURSEMENTS:</b>				
Current:				
Human Services	<u>3,844,300</u>	<u>4,035,251</u>	<u>3,987,807</u>	<u>47,444</u>
Total Cash Disbursements	<u>3,844,300</u>	<u>4,035,251</u>	<u>3,987,807</u>	<u>47,444</u>
Net Change in Fund Balance	(71,729)	(71,729)	149,611	221,340
Fund Balance at Beginning of Year	<u>71,729</u>	<u>71,729</u>	<u>71,729</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$221,340</u></u>	<u><u>\$221,340</u></u>

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

**Vinton County**  
*Statement of Cash Receipts, Cash Disbursements, And Changes  
in Fund Cash Balance - Budget (Non-GAAP Budgetary Basis) and Actual  
Motor Vehicle Gasoline Tax Fund  
For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>CASH RECEIPTS:</b>				
Charges for Services	\$219	\$286	\$377	\$91
Fines and Forfeitures	15,145	19,787	26,087	6,300
Intergovernmental	1,798,076	2,349,225	3,097,179	747,954
Interest	9,961	13,014	17,158	4,144
Other	190,043	248,296	327,349	79,053
Total Cash Receipts	<u>2,013,444</u>	<u>2,630,608</u>	<u>3,468,150</u>	<u>837,542</u>
<b>CASH DISBURSEMENTS:</b>				
Current:				
Public Works	<u>2,650,132</u>	<u>3,267,295</u>	<u>3,228,619</u>	<u>38,676</u>
Total Cash Disbursements	<u>2,650,132</u>	<u>3,267,295</u>	<u>3,228,619</u>	<u>38,676</u>
Net Change in Fund Balance	(636,688)	(636,687)	239,531	876,218
Fund Balance at Beginning of Year	636,689	636,689	636,689	0
Prior Year Encumbrances Appropriated	<u>3,351</u>	<u>3,351</u>	<u>3,351</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$3,352</u></u>	<u><u>\$3,353</u></u>	<u><u>\$879,571</u></u>	<u><u>\$876,218</u></u>

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

**Vinton County**  
**Statement of Fiduciary Net Assets - Cash Basis**  
**Agency Funds**  
**As of December 31, 2006**

	<b>Private Purpose Trust</b>	
	<b>Fund</b>	<b>Agency Fund</b>
<b>ASSETS</b>		
Equity in Pooled Cash and Cash Equivalents	\$ 15,380	\$ 1,604,116
Cash and Cash Equivalents in Segregated Accounts	-	287,671
<i>Total Assets</i>	15,380	1,891,787
<b>NET ASSETS</b>		
Unrestricted	-	1,891,787
Held in Trust for Private Purposes	15,380	-
Total Net Assets	\$ 15,380	\$ 1,891,787

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

**VINTON COUNTY**  
*Statement of Changes in Fiduciary Net Assets - Cash Basis*  
*Private Purpose Trust Fund*  
*As of December 31, 2006*

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	<u>Sheppard-Dunkle Scholarship Trust</u>
<u><i>Additions:</i></u>	
Interest	\$378
Increase in Net Assets Resulting from Operations	378
<u><i>Deductions:</i></u>	
Scholarship's Awarded	425
Decrease in Net Assets	(47)
Net Assets Beginning of Year	15,427
Net Assets End of Year	<u>\$15,380</u>

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

**Vinton County**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended December 31, 2006**

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**NOTE 1 – DESCRIPTION OF THE COUNTY AND REPORTING ENTITY**

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 Component 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 13 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 has elected to include the above component unit in the accompanying basic financial statements. See also Note 2 to the Basic Financial Statements entitled *Government-Wide Financial Statements*.

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 is not financially accountable for their operations. Accordingly, the activity of the following entities and agencies are presented as Agency Funds within the County's basic financial statements:

- Soil and Water Conservation District
- Vinton County Health District

**Vinton County**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended December 31, 2006**

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

The County is involved with the following organizations that are defined as jointly governed organizations. Additional financial information concerning the jointly governed organizations is presented in Note 12.

- 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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Presentation**

The County uses the provisions of GASB 34 for financial reporting on a cash basis, which is a basis of accounting other than accounting principles generally accepted in the United States of America and GASB 38, for certain financial statement note disclosures. The County's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements that provide a more detailed level of financial information.

***Government-wide Financial Statements***

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

***Fund Financial Statements***

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

**Vinton County**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended December 31, 2006**

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

**B. Fund Accounting**

The County uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. 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 function 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 if it is expended or transferred according to the general laws of Ohio.

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

*Public Assistance 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.

*Board of Mental Retardation and Developmental Disabilities (MR/DD) Fund* This fund accounts for the operation of a school, workshop and resident homes for the mentally retarded and developmentally disabled. Revenue sources include a county-wide property tax levy and Federal and State grants.

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

***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 use are agency funds and private purpose trust funds.

*Agency Funds* are custodial in nature (assets equal net assets) 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 for taxes, state-levied shared revenues, fines and forfeitures collected and distributed to other political subdivisions and County department bank accounts held outside the County treasury.

*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**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended December 31, 2006**

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

**C. Basis of Presentation**

Although required by Ohio Administrative Code Section 117-2-03 (B) to prepare its financial report in accordance with accounting principles generally accepted in the United States of America (GAAP), the County chooses to prepare its financial statements and notes in accordance with the cash basis of accounting. Receipts are recognized with received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

Budgetary presentations report budgetary disbursements when a commitment is made (i.e., when an encumbrance is approved). These statements include adequate disclosure of material matters, in accordance with the basis of accounting described above.

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

***Cash Receipts-Exchange and Non-exchange Transactions***

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

***Cash Disbursements***

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

**D. Budgetary Process**

All funds, other than the agency fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the certificate of estimated resources, 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 may appropriate. The appropriation resolution is the County's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the County. The legal level of control has been established by the County at the object level within each function of each fund.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the County. The amounts reported as the original budgeted amounts in the budgetary statement are based on estimates made before the end of the prior fiscal year. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts in the amended certificate in effect when final appropriations for the fiscal year were passed.

The appropriation resolution is subject to amendment by the County throughout the fiscal 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 fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the County during the fiscal year.

**Vinton County**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended December 31, 2006**

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

**E. Cash and Cash Equivalents**

To improve cash management, all cash received by the County is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the County's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements. For calendar year 2006, interest receipts amounted to \$229,143 in which \$202,420 was recorded in the General Fund; \$17,158 was recorded in the Motor Vehicle Gasoline Tax Major Special Revenue Fund; and \$9,565 was recorded in All Other Governmental Funds.

**F. Capital Assets**

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

**G. Compensated Absences**

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

**H. Long-Term Obligations**

In general, bonds, long-term loans, and capital leases are recorded as cash disbursements in the basic financial statements when paid and are not accrued as liabilities.

**I. Interfund Transactions**

Exchange transactions between funds are reported as cash receipts in the seller funds and as cash disbursements in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented on the financial statements. Interfund transfers between governmental activities are eliminated in the statement of activities. Flows of cash from one fund to another with a requirement for repayment are reported as advances in and out. Advances between governmental activities are eliminated in the statement of activities.

**J. Net Assets**

Net assets represent the cash basis assets held by the County at year end. Net assets consist of cash receipts reduced by cash disbursements for the current year. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. Restricted for Other Purposes is comprised of net assets restricted for grants. The County applies restricted resources when a cash disbursement is made for purposes for which both restricted and unrestricted net assets are available.

Of the County's \$2,591,375 restricted net assets, none is restricted by enabling legislation.

**Vinton County**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended December 31, 2006**

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**NOTE 3 – 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 the County Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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;
4. Bond and other obligations of the State of Ohio, its political subdivision, 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;
10. Certain Bankers' acceptance and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and
11. Under limited circumstances, corporate debt interests rated in any of the three highest rating classifications by at least two nationally recognized rating agencies.

**Vinton County**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended December 31, 2006**

**NOTE 3 – DEPOSITS AND INVESTMENTS** (Continued)

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.

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.

***Deposits***

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

As of December 31, 2006, the County held \$3,000 of cash on hand. The County’s bank balance of \$5,213,222 is either covered by FDIC or collateralized by the financial institutions public entity deposit pools in the manner as described above.

**NOTE 4- BUDGETARY BASIS FUND BALANCES**

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

	General Fund	MRDD	Public Assistance	Motor Vehicle Gasoline Tax
Budgetary Basis Fund Balances	\$ 84,262	\$ 305,083	\$ 221,340	\$ 879,571
Encumbrances	-	-	-	32,966
Fund Cash Balances	<u>\$ 84,262</u>	<u>\$ 305,083</u>	<u>\$ 221,340</u>	<u>\$ 912,537</u>

**NOTE 5 - PROPERTY TAXES**

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the County. Property tax revenue received during 2006 for real and public utility property taxes represents collection of 2005 taxes. Property tax payment received during 2006 for tangible personal property (other than public utility property) is for 2006 taxes.

2006 real property taxes are levied after October 1, 2006 on the assessed value as of January 1, 2006, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2006 real property taxes are intended to finance 2007.

**Vinton County**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended December 31, 2006**

**NOTE 5 - PROPERTY TAXES** (Continued)

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility property is assessed at 35 percent of true value. 2006 public utility property taxes became a lien December 31, 2005, are levied after October 1, 2006, and are collected in 2007 with real property taxes.

2006 tangible personal property taxes are levied after October 1, 2005, on the value as of December 31, 2005. Collections are made in 2006. Tangible personal property assessments are 25 percent of true value.

The assessed value for the taxes levied in 2006 was \$162,132,030 of which real property represented 76 percent (\$123,112,680) of the total, public utility property represented 17 percent (\$26,974,700) of the total, and tangible personal property represented 7 percent (\$12,044,470) of the total. The full tax rate for all County operations for taxes collected in 2006 was \$12 per \$1,000 of assessed valuation.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due by December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20.

Under certain circumstances, State statute permits later payment dates to be established.

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

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

**NOTE 6 - 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 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. Sales and use tax cash receipts for 2006 amounted to \$790,942.

**NOTE 7 - RISK MANAGEMENT**

The County is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2006, the County contracted with Buckeye Joint-County Self Insurance Council (a public entity shared risk pool, see note 12) for liability, auto, and crime insurance. The program has a \$0 to \$5,000 deductible per occurrence:

	<u>Aggregate</u>	<u>Ea. 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.

**Vinton County**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended December 31, 2006**

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**NOTE 7 - RISK MANAGEMENT** (Continued)

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 8 - RETIREMENT SYSTEMS**

**Ohio Public Employees Retirement System (OPERS)**

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 and death benefits and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.

Authority to establish and amend benefits is provided by 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 1-800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2006, member and employer contribution rates were consistent across all three plans. Separate divisions for law enforcement and public safety exist only within the Traditional Pension Plan.

The 2006 member contribution rates were 9.0% for members in state and local, and public safety classifications. Members in the law enforcement classification, which consists generally of sheriffs, deputy sheriffs and township police, contributed at a rate of 10.1%.

The 2006 employer contribution rate for local government employer units was 13.7% of covered payroll. For both the law enforcement and public safety divisions, the employer contribution rate for 2006 was 16.93%. The County's contributions to OPERS for all employees for the years ended December 31, 2006, 2005, and 2004, were \$971,451, \$1,210,764, and \$744,738, respectively; 100 percent has been contributed for 2006, 2005, and 2004.

**Vinton County**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended December 31, 2006**

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**NOTE 9 - POSTEMPLOYMENT BENEFITS**

**Ohio Public Employees Retirement System (OPERS)**

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 post-retirement 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 post-employment 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 13.7% of covered payroll, and public safety and law enforcement employer units contributed at 16.93%. The portion of employer contributions for all employers allocated to health care was 4.5%.

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, 2005.

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, not to exceed a 12% corridor.

Investment Return – The investment assumption rate for 2005 was 6.50%.

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%.

Health Care – Health care cost were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .50% to 6% for the next 9 years. In subsequent years (10 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 Traditional Pension and Combined Plans had 369,214 for 2006. The number of active contributing participants for both plans used in the December 31, 2005, actuarial valuation was 358,804.

**Vinton County**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended December 31, 2006**

**NOTE 9 - POSTEMPLOYMENT BENEFITS** *(Continued)*

**Ohio Public Employees Retirement System (OPERS) Continued**

The employer contributions that were used to fund postemployment benefits were \$387,827 for 2006. \$11.1 billion represents the actuarial value of OPERS' net assets available for OPEBs at December 31, 2005. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$31.3 billion and \$20.2 billion, respectively.

OPERS Retirement Board implements a Health Care Preservation Plan:

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, is effective on January 1, 2007. OPERS took additional actions to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

**NOTE 10 - LONG-TERM DEBT**

Under the cash basis of accounting, debt obligations are not reported as a liability in the accompanying basic financial statements. However, information regarding such changes in the County's long-term obligations during 2006 is as follows:

Types/Issues	Outstanding At 12/31/05	Increases	Decreases	Outstanding At 12/31/06	Due in One Year
1994 - 7.0%					
County Health Department Building General Obligation Bonds	\$ 51,164	\$ -	\$ (8,819)	\$ 42,345	\$ 9,436
2000 - 5.75%					
County Courthouse Elevator Project General Obligation Bonds	190,013	-	(7,291)	182,722	8,750
2001 - 5.50%					
Juvenile Training District General Obligation Bonds	148,547	-	(7,259)	141,288	6,631
2002 - 5.1%					
County Job & Family Services Building General Obligation Bonds	1,870,661	-	(47,641)	1,823,020	50,102
Total:	<u>\$ 2,260,385</u>	<u>\$ -</u>	<u>\$ (71,010)</u>	<u>\$ 2,189,375</u>	<u>\$ 74,919</u>

The County issued General Obligation Bonds in 1994 for the Vinton County Health Building in the amount of \$210,000.

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.

**Vinton County**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended December 31, 2006**

**NOTE 10 - LONG-TERM DEBT** (Continued)

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, 2006, the County's overall legal debt margin was \$12,402,508 with an unvoted debt margin of \$162,132.

The following is a summary of the County's future principal and interest requirements for general long-term debt obligations:

	Health Department		Elevator Project		Detention & Rehabilitation		Job & Family Services	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 9,436	\$ 2,964	\$ 8,750	\$ 10,327	\$ 6,631	\$ 7,735	\$ 50,100	\$ 92,344
2008	10,096	2,304	9,261	9,816	7,001	7,365	52,688	89,756
2009	10,804	1,596	9,800	9,277	7,391	6,975	55,410	87,034
2010	12,009	391	10,373	8,704	7,804	6,562	58,274	84,170
2011	-	-	10,978	8,099	8,238	6,128	61,284	81,162
2012-2016	-	-	65,272	30,112	48,615	23,212	357,292	354,934
2017-2021	-	-	68,288	8,997	55,608	8,060	459,598	252,628
2022-2026	-	-	-	-	-	-	591,198	121,026
2027	-	-	-	-	-	-	137,176	5,270
	<u>\$ 42,345</u>	<u>\$ 7,255</u>	<u>\$ 182,722</u>	<u>\$ 85,332</u>	<u>\$ 141,288</u>	<u>\$ 66,037</u>	<u>\$ 1,823,020</u>	<u>\$ 1,168,324</u>

**NOTE 11 - INTERFUND TRANSACTIONS**

**A. Interfund Advances**

Advances in and out during the year ended December 31, 2006 consisted of the following:

	<u>Advances In</u>	<u>Advances Out</u>
Non-Major Funds	<u>\$144,150</u>	<u>\$144,150</u>

During 2006, the non-major governmental funds made advances in anticipation of intergovernmental grant revenue.

**Vinton County**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended December 31, 2006**

**NOTE 11 - INTERFUND TRANSACTIONS** *(Continued)*

**B. Interfund Transfers**

The following transfers in and out were made during 2006:

<b>Transfers Out</b>	<b>Transfers In</b>		
	<b>Public Assistance Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>General Fund</b>	\$88,421	\$79,221	\$167,642

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.

**NOTE 12 - 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**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended December 31, 2006**

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**NOTE 12 - 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 2006, Vinton County contributed \$57,126 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-data 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 2006, Vinton County paid \$27,662 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 judgements, 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](http://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**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended December 31, 2006**

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**NOTE 12 - 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 (hereafter referred to as 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 13 – COMPONENT UNIT**

***Vinton Industries, Inc. (Corporation)***

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, 2006, the carrying amount of the Corporation's deposits was \$5,340 and the bank balance was \$5,340. Deposits are categorized into one of three categories of credit risk:

1. Insured or collateralized with securities held by the entity or its agent in the entity's name.
2. Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.
3. Uncollateralized or collateralized, with securities held by the pledging financial institution or its trust department or agent but not in the entity's name.

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.

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 14 - 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, 2006. 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**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended December 31, 2006**

**NOTE 15 – RESTATEMENT OF NET ASSETS/FUND BALANCES AND CHANGE IN ACCOUNTING**

For fiscal year 2006, the County has implemented the provisions of GASB 34 for financial reporting on a cash basis, which is a basis of accounting other than accounting principles generally accepted in the United States of America and GASB 38, for certain financial statement note disclosures. The County had previously reported on a GAAP basis of accounting which was in accordance with accounting principles generally accepted in the United States of America. The implementation of cash basis financial statements had the following restatements on net assets and fund balances as previously stated:

	<u>General</u>	<u>MRDD</u>	<u>Public Assistance</u>	<u>MVGT</u>	<u>Nonmajor</u>	<u>Total</u>
Fund Balances,						
December 31, 2005	\$91,389	\$0	\$443,457	\$684,161	\$2,695,517	\$3,914,524
Change in Major Funds	0	478,077	0	0	(478,077)	0
Gasb 34 Cash Basis						
Restatement	<u>(35,680)</u>	<u>(83,532)</u>	<u>(371,728)</u>	<u>(44,121)</u>	<u>(899,962)</u>	<u>(1,435,023)</u>
Restated Fund Balances,						
December 31, 2005	<u>\$55,709</u>	<u>\$394,545</u>	<u>\$71,729</u>	<u>\$640,040</u>	<u>\$1,317,478</u>	<u>\$2,479,501</u>
Net Assets, December 31, 2005						\$12,066,751
Modified Adjustments						(1,435,023)
Deferred Revenue						6,658,822
Capital Assets						(5,334,167)
Long Term Liabilities:						
Compensated Absences Payable						329,484
Bonds Payable						<u>2,260,385</u>
Governmental Activities Net Assets, December 31, 2005						<u>\$2,479,501</u>

**NOTE 16 – COMPLIANCE AND ACCOUNTABILITY**

A. Compliance

At December 31, 2006, the County had expenditures plus encumbrances in excess of appropriations for the following fund:

Major Fund:

*General Fund*

        Other \$1,025

B. Accountability

At December 31, 2006 the Safe School Grant had a negative cash balance of \$96,298.

**VINTON COUNTY FINANCIAL CONDITION**  
**Schedule of Federal Awards Expenditures**  
**For the Year Ended December 31, 2006**

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<b><u>U.S. Department of Agriculture</u></b>			
<i>Direct from Federal Government</i>			
Rural Business Enterprise Grant (RBEG)	(1)	10.769	25,567
Rural Housing Preservation Grants FY05	(1)	10.433	66,937
Rural Housing Application Packaging Grant	(1)	10.442	1,296
Total US Department of Agriculture			<u>93,800</u>
<b><u>U.S. Department of Housing and Urban Development</u></b>			
<i>Passed through the Ohio Department of Development/State's Program</i>			
Community Development Block Grants:			
Water and Sanitary Sewer Program	B-W-03-075-1	14.228	89,204
New Horizons Fair Housing Assistance Program	B-N-03-075-1	14.228	1,038
FY04 CHIP	B-C-04-075-01	14.228	34,554
FY04 Formula	B-F-04-075-01	14.228	61,225
FY04 Community Distress	B-X-03-075-01	14.228	258,009
FY05 Microenterprise Program	B-M-05-075-01	14.228	1,415
FY05 Formula	B-F-05-075-01	14.228	82,846
FY05 CHIP	B-C-05-075-01	14.228	127,738
Appalachian Regional Commission - Le-Ax Water	B-P-05-075-02	14.228	142,058
Total Community Development Block Grants			<u>798,087</u>
HOME Investment Partnerships Program	B-C-05-075-02	14.239	213,574
HOME Investment Partnerships Program	B-C-04-075-02	14.239	117
Total HOME Investment Partnerships Program			<u>213,691</u>
Total U.S. Department of Housing and Urban Development			1,011,778
<b><u>U.S. Department of Justice</u></b>			
<i>Passed through Ohio Office of Criminal Justice</i>			
Drug Court Discretionary Grant Program	DC-BX-0040	16.585	91,438
Edward Byrne Justice Asst. Grant Formula Program	2005-JG-LLE-5115	16.738	17,998
Byrne Formula Grant Program	2004-DG-B02-7124	16.579	2,005
Total U.S. Department of Justice			<u>111,441</u>
<b><u>Election Assistance Commission</u></b>			
<i>Passed through the Ohio Secretary of State</i>			
Voter Education and Poll Worker Training Grant Program	(1)	39.011	3,585
HAVA Accessibility Grant	06-SOS-HHHS-82	93.617	5,060
Total Election Assistance Commission			<u>8,645</u>
<b><u>U.S. Department of Transportation</u></b>			
Airport Improvement Program	(2)	20.106	38,735
Total Airport Improvement Program			<u>38,735</u>

**VINTON COUNTY FINANCIAL CONDITION**  
**Schedule of Federal Awards Expenditures**  
**For the Year Ended December 31, 2006**

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<b><u>U.S. Department of Labor</u></b>			
<i>Passed through the Ohio Department of Human Services</i>			
<i>Workforce Allocation Cluster</i>			
WIA - Local - Adult	(2)	17.258	101,974
WIA - Local - Youth	(2)	17.259	47,357
WIA - Local - Dislocated	(2)	17.260	29,370
WIA - Local - Administration	(2)		93,177
WIA - Area 14 - Adult	(2)	17.258	712,830
WIA - Area 14 - Youth	(2)	17.259	794,924
WIA - Area 14 - Dislocated	(2)	17.260	3,070,192
WIA - Area 14 - Administration	(2)		181,143
Total U.S. Department of Labor			5,030,967
<b><u>U.S. Department of Health and Human Services</u></b>			
<i>Passed through the State Department of MRDD</i>			
Social Services Block Grant	(1)	93.667	31,540
State Children's Insurance Program - TCM	(1)	93.767	603
Medical Assistance Program - TCM	(1)	93.778	58,020
Medical Assistance Program - CAFS	(1)	93.778	1,448
Medical Assistance Program - Waiver	(1)	93.778	24,849
Total Medical Assistance Program			84,317
Total U.S. Department of Health and Human Services			116,460
<b><u>U.S. Department of Homeland Security</u></b>			
<i>State Domestic Preparedness Equipment Support Program:</i>			
<i>Passed through the Ohio Emergency Management Agency</i>			
FY04 Homeland Security Grant Program	2004-GE-T4-0025	97.004	2,035
FY04 Homeland Security Grant Program	2005-GE-T4-0025	97.004	29,038
FY05 State Homeland Security Program, County	2005-GE-T5-0001	97.073	30,322
FY05 State Homeland Security Program, Regional	2005-GE-T5-0001	97.073	72,100
FY06 State Homeland Security Program, County	2006-GE-T6-0051	97.073	4,823
Total State Domestic Preparedness Equipment Support Program			138,318
Total Federal Expenditures			\$6,550,144

(1) - Passthrough entity number not available

(2) - Direct from the federal government

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, 2006**

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**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, pass 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, 2006, the gross amount of loans outstanding under this program were \$446,087.

**Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Required By  
Government Auditing Standards**

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Vinton County, Ohio (the County), as of and for the year ended December 31, 2006, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 13, 2007. We did audit the financial statements of Vinton Industries, Inc., the discretely presented component unit. 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 of America.

**Internal Control over Financial Reporting**

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the County's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the County's internal control will not prevent or detect a material financial statement misstatement.

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

Board of Commissioners  
Vinton County, Ohio  
Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Required by  
Government Auditing Standards

### **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, regulations, 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 two instances of noncompliance and other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2006-001 and 2006-002.

We noted certain matters that we have reported to the management of the County in a separate letter dated September 13, 2007.

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

*J. L. Uhrig and Associates, Inc.*

J. L. UHRIG AND ASSOCIATES, INC.

September 13, 2007

**Report on Compliance with Requirements Applicable to  
Each Major Program and Internal Control over Compliance in  
Accordance with OMB Circular A-133**

Board of Commissioners  
Vinton County, Ohio  
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 programs for the year ended December 31, 2006. The County's major federal programs are 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 programs 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 on the County's compliance with those requirements.

In our opinion, Vinton County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2006.

**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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Board of Commissioners  
Vinton County, Ohio  
Report on Compliance with Requirements Applicable to Each Major  
Program and Internal Control over Compliance in Accordance with  
OMB Circular A -133

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the County's internal control that might be significant deficiencies or material weakness as defined below. We did not identify any deficiencies in the internal control over compliance that we consider to be a significant deficiency.

A control deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that the entity's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the County's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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

*J. L. Uhrig and Associates, Inc.*

J. L. UHRIG AND ASSOCIATES, INC.

September 13, 2007

**VINTON COUNTY, OHIO**  
*Schedule of Findings and Questioned Costs*  
*For the Year Ended December 31, 2006*

**A. SUMMARY OF AUDITOR'S RESULTS**

<b>1. Type of Financial Statement Opinion</b>	Unqualified
<b>2. Were there any material internal control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<b>3. Were there any other reportable internal control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<b>4. Was there any material noncompliance reported at the financial statement level (GAGAS)?</b>	Yes
<b>5. Were there any material internal control weaknesses reported for major federal programs?</b>	No
<b>6. Were there any other reportable internal control weaknesses reported for major federal programs?</b>	No
<b>7. Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>8. Are there any reportable findings under § .510?</b>	No
<b>9. Major Programs (list):</b>	WIA Cluster- CFDA #17.258, # 17.259 and # 17.260
<b>10. Dollar Threshold: Type A/B Programs</b>	Type A: >\$300,000 Type B: All Other Programs
<b>11. Low Risk Auditee?</b>	No

**VINTON COUNTY, OHIO**  
*Schedule of Findings and Questioned Costs*  
*For the Year Ended December 31, 2006*

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

**Finding Number 2006-001**

**Annual Financial Report - Noncompliance Citation**

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

Ohio Admin. Code Section 117-2-03(B) requires the County to prepare its annual financial report in accordance with generally accepted accounting principles. However, the County prepared its financial statements and notes omitting assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Rev. Code Section 117.38 the County may be fined and subject to various other administrative remedies for its failure to file the required financial report.

The County should prepare its annual financial report in accordance with generally accepted accounting principles.

**Officials Response**

The County has no immediate plans to file its annual financial report in accordance with generally accepted accounting principles. This may be an option in the future if the County's financial conditions improve.

**Finding Number 2006-002**

**Cash Balance - Noncompliance Citation**

Ohio Rev. Code Section 5705.10 states, in part, that money paid into any fund shall be used only for the purpose for which such fund is established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenditures of another fund. The Safe Schools Grant Fund had a significant negative fund balance at December 31, 2006.

The County should establish procedures to monitor fund balances to assure expenditures do not exceed available resources.

**Officials Response**

The Safe School Fund is a reimbursable grant in conjunction with the Vinton County Local Schools. The School was billed before year end but reimbursement was not made until January of the following year. Thus, resulting in a negative balance.

**VINTON COUNTY, OHIO**  
*Schedule of Findings and Questioned Costs*  
*For the Year Ended December 31, 2006*

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**C. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

There were no findings or questioned costs related to the federal awards required to be reported.

**VINTON COUNTY, OHIO**  
**Corrective Action Plan**  
**For the Year Ended December 31, 2006**

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<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Contact Person</b>
2006-001	The County does not anticipate filing on a GAAP basis until financial conditions improve.	No estimated date.	Cindy Owings, Auditor  County Commissioners: Thomas Morgan, President Michael Bledsoe, Member Matt Sowers, Member
2006-002	The Auditor will more closely monitor cash balances throughout the year.	December 31, 2007	Cindy Owings, Auditor



Mary Taylor, CPA  
Auditor of State

**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  
NOVEMBER 8, 2007**