



Mary Taylor, CPA  
Auditor of State



**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Honorable County Board of Commissioners  
Honorable County Auditor  
Honorable County Treasurer  
Champaign County  
1512 South US Highway 68  
Urbana, Ohio 43078

To the Board of County Commissioners, County Auditor, and County Treasurer:

We have audited the accompanying financial statements of Champaign County, (the County) as of and for the year ended December 31, 2008. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

Ohio Administrative Code Section 117-2-03 (B) requires the County to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 1, the accompanying financial statements and notes have been prepared on an accounting basis not in accordance with these generally accepted accounting principles. The accompanying financial statements and notes omit entity wide statements, and assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

In our opinion, the accompanying financial statements do not present fairly the financial position, results of operations, and cash flows, where applicable, of Champaign County as of and for the year ended December 31, 2008 in accordance with accounting principles generally accepted in the United States of America.

The County has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 12, 2009, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

We conducted our audit to opine on the County's financial statements. The Federal Awards Expenditure Schedule presents additional information and is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. It is not a required part of the financial statements. We subjected this schedule to the auditing procedures applied in our audit of the County's financial statements. For reasons stated in the third paragraph, the basic financial statements do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the County, as of December 31, 2008, or its changes in financial position or its cash flows for the year then ended. Therefore we are unable to express, and we do not express, an opinion on the Federal Awards Expenditure Schedule.

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

**Mary Taylor, CPA**  
Auditor of State

August 12, 2009

**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>					<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Permanent Fund</u>	
<b>Receipts:</b>						
Property Taxes	\$1,708,197	\$3,207,251				\$4,915,448
Sales Tax	4,643,106					4,643,106
Charge for Services	879,350	1,570,000				2,449,350
Licenses & Permits	198,424	99,083				297,507
Fines & Forfeitures	95,536	58,514				154,050
Intergovernmental	1,315,898	12,168,190				13,484,088
Special Assessments				\$21,629		21,629
Investment Income	722,712	208,916			\$1,984	933,612
Rental Income	299,294					299,294
Other	654,381	1,888,546			191	2,543,118
<b>Total Receipts</b>	<b>10,516,898</b>	<b>19,200,500</b>		<b>21,629</b>	<b>2,175</b>	<b>29,741,202</b>
<b>Disbursements:</b>						
General Government:						
Legislative & Executive	3,449,727	863,501				4,313,228
Judicial	2,482,637	271,633				2,754,270
Public Safety	3,939,351	88,282				4,027,633
Public Works	111,858	5,386,489				5,498,347
Health	41,129	5,083,364				5,124,493
Human Services	273,925	6,389,220				6,663,145
Conservation & Recreation		76,188				76,188
Economic Development and Assistance		19,239				19,239
Other	12,437				191	12,628
Capital Outlay	16,600			548,226		564,826
<b>Debt Service:</b>						
Principal Retirement			\$755,649			755,649
Interest and Fiscal Charge			130,385			130,385
<b>Total Disbursements</b>	<b>10,327,664</b>	<b>18,177,916</b>	<b>886,034</b>	<b>548,226</b>	<b>191</b>	<b>29,940,031</b>
Excess of Receipts Over (Under) Disbursements	189,234	1,022,584	(886,034)	(526,597)	1,984	(198,829)
<b>Other Financing Sources (Uses):</b>						
Proceeds of Notes	472,530			527,470		1,000,000
Sale of Fixed Assets	1,500	3,210				4,710
Advances - In	87,413					87,413
Operating Transfers - In	400,000		886,034	200,000		1,486,034
Operating Transfers - Out	(1,027,915)	(58,119)				(1,086,034)
<b>Total Other Sources (Uses)</b>	<b>(66,472)</b>	<b>(54,909)</b>	<b>886,034</b>	<b>727,470</b>		<b>1,492,123</b>
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Uses	122,762	967,675		200,873	1,984	1,293,294
Fund Cash Balances, January 1	491,620	9,403,586	2,500	61,945	88,038	10,047,689
Fund Cash Balances, December 31	<u>\$614,382</u>	<u>\$10,371,261</u>	<u>\$2,500</u>	<u>\$262,818</u>	<u>\$90,022</u>	<u>\$11,340,983</u>
Reserve for Encumbrances	<u>\$205,637</u>	<u>\$475,757</u>	<u>\$0</u>	<u>\$113,155</u>	<u>\$0</u>	<u>\$794,549</u>

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

**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Proprietary Fund Types		Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Internal Service	Private Purpose Trust	Agency	
<b>Receipts:</b>					
Charge for Services	\$2,625,387	\$94,611			\$2,719,998
Other Operating Receipts	89,072	61	\$10,270		99,403
Total Receipts	<u>2,714,459</u>	<u>94,672</u>	<u>10,270</u>		<u>2,819,401</u>
<b>Disbursements:</b>					
Personal Services	1,827,180	74,496			1,901,676
Contract Services	820,480				820,480
Supplies and Materials	231,633				231,633
Other	259,176				259,176
<b>Debt Service:</b>					
Principal Retirement	459,649				459,649
Interest and Fiscal Charge	12,417				12,417
Total Disbursements	<u>3,610,535</u>	<u>74,496</u>			<u>3,685,031</u>
Total Receipts Over (Under) Disbursements	(896,076)	20,176	10,270		(865,630)
<b>Non-Operating Receipts (Disbursements)</b>					
Other Non-Operating Revenue				\$85,271,858	85,271,858
Intergovernmental	119,070				119,070
Sale of Fixed Assets	3,065,000				3,065,000
Other Non-Operating Disbursements			(81,748)	(83,970,335)	(84,052,083)
Total Non-Operating Receipts (Disbursements)	<u>3,184,070</u>		<u>(81,748)</u>	<u>1,301,523</u>	<u>4,403,845</u>
Income Before Transfers and Advances	2,287,994	20,176	(71,478)	1,301,523	3,538,215
Operating Transfers-Out	(400,000)				(400,000)
Advances In/(Out)	(87,413)				(87,413)
Net Income /(Deficit)	1,800,581	20,176	(71,478)	1,301,523	3,050,802
Fund Cash Balance January 1	<u>462,466</u>	<u>174,886</u>	<u>131,786</u>	<u>5,489,530</u>	<u>6,258,668</u>
Fund Cash Balance December 31	<u>\$2,263,047</u>	<u>\$195,062</u>	<u>\$60,308</u>	<u>\$6,791,053</u>	<u>\$9,309,470</u>

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



**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**COMBINED STATEMENT OF RECEIPTS  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budget</u>	<u>Actual</u>	<b>Variance Favorable (Unfavorable)</b>
<b>Governmental Fund Types:</b>			
General Fund	\$12,348,823	\$11,478,341	(\$870,482)
Special Revenue Funds	17,493,005	19,203,710	1,710,705
Debt Service Funds	886,034	886,034	
Capital Projects Funds	742,346	749,099	6,753
Permanent Funds	2,154	2,175	21
 <b>Proprietary:</b>			
Enterprise Funds	5,811,116	5,898,529	87,413
Internal Service Funds	37,000	94,672	57,672
 <b>Fiduciary Fund Type:</b>			
Private Purpose Trust	2,000	10,270	8,270
 Totals (Memorandum Only)	<u>\$37,322,478</u>	<u>\$38,322,830</u>	<u>\$1,000,352</u>

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

**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**COMBINED STATEMENT OF DISBURSEMENTS AND  
ENCUMBRANCES COMPARED WITH EXPENDITURE AUTHORITY  
FOR THE YEAR ENDED DECEMBER 31, 2008**

<u>Fund Types/Fund</u>	<u>Prior Year Carryover Appropriations</u>	<u>2008 Appropriations</u>	<u>Total</u>
<b>Governmental:</b>			
General Fund	\$194,214	\$11,570,159	\$11,764,373
Special Revenue Funds	551,803	20,960,973	21,512,776
Debt Service Funds		886,034	886,034
Capital Projects Funds	8,633	767,785	776,418
Permanent Funds		250	250
<b>Proprietary:</b>			
Enterprise Fund	258,435	6,019,766	6,278,201
Internal Service Funds		76,558	76,558
<b>Fiduciary:</b>			
Private Purpose Trust Fund		91,477	91,477
Total (Memorandum Only)	<u>\$1,013,085</u>	<u>\$40,373,002</u>	<u>\$41,386,087</u>

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

<b>Actual 2008 Disbursements</b>	<b>Encumbrances Outstanding at 12/31/08</b>	<b>Total</b>	<b>Variance Favorable (Unfavorable)</b>
\$11,355,579	\$205,637	\$11,561,216	\$203,157
18,236,035	475,757	18,711,792	2,800,984
886,034		886,034	
548,226	113,155	661,381	115,037
191		191	59
4,097,948		4,097,948	2,180,253
74,496		74,496	2,062
<u>81,748</u>		<u>81,748</u>	<u>9,729</u>
<u><u>\$35,280,257</u></u>	<u><u>\$794,549</u></u>	<u><u>\$36,074,806</u></u>	<u><u>\$5,311,281</u></u>

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**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

**1. REPORTING ENTITY AND BASIS OF PRESENTATION**

Champaign County, Ohio (the County) was established in 1805 by an act of the Ohio General Assembly. It operates as a political subdivision of the State of Ohio exercising only those powers conferred by the legislature. Champaign County voters elect a total of eleven legislative and administrative county officials. The three-member Board of Commissioners is the legislative and executive body of the County. The County Auditor is the chief fiscal officer and tax assessor and the County Treasurer serves as the custodian of all county funds and as tax collector. In addition, there are six other elected administrative officials provided for by Ohio law, which include the Clerk of Courts, Recorder, Coroner, Engineer, Prosecuting Attorney and Sheriff. The judicial branch of the County is comprised of a Common Pleas Judge, and a Probate Judge/Juvenile 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 County.

**A. Reporting Entity**

Governmental Accounting Standards Board indicates that the criteria for including a potential component unit within the reporting entity is the County Commissioner's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of this ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the accountability for fiscal matters and the ability to influence operations significantly.

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the County or whether the activity is conducted within the geographic boundaries of the County and is generally available to its residents.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the County is able to exercise oversight responsibility.

Based on the criteria established by the Codification of Governmental Accounting and Financial Reporting Standards (GAFRS), the financial activities of the various potential component units are (1) part of the reporting entity of the County and included in the financial statements; (2) reported as Agency funds in the financial statements; (3) Joint Ventures and disclosed in the notes to the financial statements; or (4) excluded from the reporting entity.

The Champaign County Board of Mental Retardation and Developmental Disabilities is included as a part of the reporting entity and is presented in the financial statements, although governed by its own board, the County Commissioners have oversight responsibility.

The County Treasurer, as the custodian of public funds, invests all public monies held on deposit in the County treasury. In the case of separate agencies, boards and commissions as listed below, the County serves as fiscal agent but does not exercise primary oversight responsibility. Accordingly, the activity of the following districts and entities have been included in the County's financial statements as Agency Funds:

**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**1. REPORTING ENTITY AND BASIS OF PRESENTATION (Continued)**

District Board of Health  
Child and Family First Council  
Emergency Management Agency  
Tri County Regional Jail  
Champaign Countywide Public Safety Communications Center Council of Governments  
Soil and Water Conservation District  
Mental Health, Drug and Alcohol Services of Logan and Champaign County

Although the following entities meet the scope of public service criterion, the County exercises no oversight responsibility. The entities may be related to the County in that the organizations may share the County name or the County may provide resources to support them as monies are available. The governing authorities of these entities are selected independently of Champaign County officials. Each individual governing authority may: (1) designate its own management; (2) have total control over their operations; (3) be solely responsible for reviewing, approving and revising its own budget; (4) have the ability to issue and be responsible for its own debt; (5) function as fiscal manager by controlling the collection and disbursement of funds and holding title to assets; and (6) have the ability to generate their own revenue. The following organizations are excluded from the reporting entity:

Champaign County Board of Education  
Champaign County Agricultural Society  
Champaign County Law Library Association  
Champaign County Council on Aging  
Champaign County Historical Society  
Champaign County Community Improvement Corporation  
Champaign County Cooperative Extension Services  
Champaign County Air Pollution Control Board  
Champaign County Conservancy District  
Mercy Memorial Hospital

**Lawnview Industries, Inc.:** Lawnview Industries, Inc. (Lawnview) is a legally separate, not-for-profit corporation, served by a self-appointing board of trustees. Lawnview, under contractual agreement with the Champaign County Board of Mental Retardation and Developmental Disabilities (MRDD), provides sheltered employment, while educating and training the mentally retarded and developmentally disabled citizens of Champaign County. MRDD reimburses and provides certain operating expenses as necessary for the operation of Lawnview. Based on the significant services and resources provided by the County (MRDD) to Lawnview and Lawnview's sole purpose of providing assistance to the mentally retarded or developmentally disabled adults of Champaign County, Lawnview is a component unit of the County. However, the County reports on the cash basis of accounting which does not reflect component units within the financial statements and related note disclosures. Complete financial statements for Lawnview may be obtained from the administrative offices at 1250 East Route 36, Urbana, Ohio 43078.

**Home Options, Inc.:** Home Options, Inc. is a legally separate, not-for-profit corporation. It provides housing exclusively for Board of MRDD clients. MRDD reimburses and provides certain operating expenses as necessary for the operation of Home Options, Inc. Based on the significant services and resources provided by the County (MRDD) to Home Options, Inc. and Home Options' sole purpose of providing assistance to the mentally retarded or developmentally disabled adults of Champaign County, Home Options, Inc. is a component unit of the County. However, the County reports on the cash basis of accounting which does not reflect component units within the financial statements and related note disclosures. Complete financial statements for Home Options, Inc. may be obtained from the administrative offices at 1250 East Route 36, Urbana, Ohio 43078.

**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**1. REPORTING ENTITY AND BASIS OF PRESENTATION (Continued)**

**B. Basis of Accounting**

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

These statements include adequate disclosure of material matters, as formerly prescribed or permitted by the Auditor of State.

**C. Fund Accounting**

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

**1. Governmental Fund Types**

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

**Special Revenue Funds** - The Special Revenue Funds are used to account for revenues derived from specific taxes, grants or other restricted revenue sources. Legal or regulatory provisions or administrative action specifies the uses and limitations of each special revenue fund.

**Debt Service Funds** - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

**Capital Projects Funds** - Capital Project Funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary or trust funds).

**Permanent Funds** - These funds account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the County's programs.

**2. Proprietary Fund Types**

**Enterprise Funds** - Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**1. REPORTING ENTITY AND BASIS OF PRESENTATION (Continued)**

**Internal Service Funds** - Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County or to other government units on a cost-reimbursement basis.

- 3. Fiduciary Fund Types** - Fiduciary funds include private purpose trust funds and agency funds.

**Private Purpose Trust Funds** - Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the County's own programs.

**Agency Funds** - Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The County disburses these funds as directed by the individual, organization or other government.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Budgetary Process**

The County is required by state law to adopt annual budgets for all funds, except fiduciary funds specifically exempted by statute. Listed below are the major steps of the budget preparation process:

**1. Budget**

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

**2. Estimated Resources**

The County Budget Commission certifies its actions to the County by September 1. As part of this certification, the County receives the official certificate of estimated resources which states the projected receipts of each fund. On or about January 1, this certificate is amended to include any unencumbered balances from the preceding year.

Prior to December 31, the County must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources.

The revised budget then serves as the basis for the annual appropriation measure. Budget receipts as shown in the accompanying financial statements do not include January 1 unencumbered fund balances. However, those fund balances are available for appropriations.

**3. Appropriations**

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



**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

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

**4. Encumbrances**

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

**B. Cash and Investments**

The County Treasurer invests all active and inactive county funds. Active county funds are invested in overnight money market accounts with local commercial banks. Inactive funds are invested in certificates of deposit. The County pools its cash for investment purposes to capture the highest return. Investment income credited to the General Fund during 2008 amounted to \$722,712. Investments are stated at cost, which approximates fair market value.

During fiscal year 2008, investments of the County were limited to the State Treasury Asset Reserve of Ohio (STAROhio), certificates of deposits, government securities and money market funds. STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. STAROhio is not registered with the Securities and Exchange Commission (SEC) as an investment company, but does operate in a manner consistent with Rule 2a7 on the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2008. The fair value of the County's investment in the STAR Ohio pool is equal to its position in the pool.

**C. Property, Plant and Equipment**

Fixed assets acquired or constructed for general governmental service are recorded as expenditures. The accompanying financial statements do not report these items as assets and depreciation is not recorded for these fixed assets under the cash basis of accounting.

**D. Insurance**

The County is insured with the Public Entities Pool of Ohio for most risks including, but not limited to, property damage, health care and personal injury.

**E. Accumulated Leave**

In certain instances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**F. Total Columns on Combined Financial Statements**

Total columns on the combined financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Interfund eliminations have not been made in the aggregation of this data.

**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**3. CASH AND INVESTMENTS**

The Treasurer is responsible for selecting depositories and investing funds. Monies held by the County are classified by State Statute into two categories. Active monies are public monies determined to be necessary to meet current demand upon the County treasury. Active 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. Monies held by the County which are not considered active are classified as inactive. Inactive monies may be deposited or invested in the following securities:

- A. United States Treasury Notes, Bills, Bonds or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
- B. Bonds, notes, debentures or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal 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;
- C. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- D. Bond and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
- E. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
- F. No-load money market mutual funds consisting exclusively of obligations described in division (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;
- G. The State Treasurer's investment pool (STAR Ohio);
- H. 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;
- I. High grade commercial paper in an amount not to exceed five percent of the County's total average portfolio; and
- J. Bankers acceptances for a period not to exceed 270 days and in an amount not to exceed ten percent of the County's total average portfolio.

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.

**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**3. CASH AND INVESTMENTS (Continued)**

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

The County's cash and investments as of December 31, 2008 consisted of the following:

<b>Cash on hand:</b>		\$ 14,000
<b>Deposits:</b>		
Demand deposits:		
Interest bearing	1,337,849	
Certificates of deposit, 3.19% to 5.27%	<u>11,767,256</u>	
Total cash on hand and deposits		<u>\$13,119,105</u>
 <b>Investments:</b>		
State Treasury Asset Reserve of Ohio (Star Ohio)	\$ 188,724	
Money Market Accounts	4,842,624	
Federal Home Loan Bank	<u>2,500,000</u>	
Total investments		<u>\$ 7,531,348</u>
Total pooled cash and investments		<u>\$20,650,453</u>

**A. Deposits**

Except for items in-transit, the carrying value of deposits by the respective depositories equates to the carrying value by the County. All deposits are collateralized with eligible securities and letters of credit, as described by the Ohio Revised Code, in amounts equal to at least 105% of the County's carrying value of the deposits (demand deposits and certificates of deposit). Such collateral, as permitted by the State of Ohio, is held in each respective depository bank's collateral pool at a federal reserve bank, or member bank other than the depository bank, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds.

The year-end bank balance of all County deposits was \$13,569,863. Based on criteria described in GASB Statement No. 3 amounts on deposit with financial institutions, including investments were covered by:

FDIC insured deposits	\$ 750,000
Deposits collateralized by securities held by pledging financial Institution or its agent but not in County's name	<u>\$12,819,863</u>
Total insured or collateralized	<u>\$13,569,863</u>

**Custodial credit risk** is the risk that in the event of bank failure, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Protection of the County's cash and deposits is provided by the Federal Deposit Insurance Corporation as well as qualified securities pledged by the institution holding the assets. By law, financial institutions must collateralize all public deposits. The face value to the pooled collateral must equal at least 105 percent of public funds deposited. Trustees including the Federal Reserve Bank and designated third parties of the financial institutions hold collateral.

**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**3. CASH AND INVESTMENTS (Continued)**

**B. Investments**

Monies held in the County Treasury are pooled for the purpose of investment management. The County invests in those instruments identified in Section 135.35 of the Ohio Revised Code. Specifically, authorized investment instruments consist of:

1. Bonds, notes or other obligations guaranteed by the United States;
2. Bonds, notes or other obligations issued by any federal government agency;
3. Certificates of deposit in accordance with Section 135.32 of the Ohio Revised Code;
4. Repurchase agreements under the terms of which agreement the County purchases and the seller agrees unconditionally to repurchase any of the securities listed in 1 or 2;
5. Bonds and other obligations of Ohio, its political subdivisions, or other units or agencies of Ohio or its political subdivisions; and
6. The Ohio State Treasurer's investment pool (STAR Ohio).

All Investments are reported at fair value, which is based on quoted market prices. Investments are reported on the county records (Cash Value) at cost plus accretion or minus amortization. Investment ratings are: Standard & Poor's highest AAA rating for Star Ohio and Standard & Poor's AAA & Moody's AAA rating for US Governments and US Government Agencies held in Champaign National Bank Trust Account (Securities held by Bank of New York).

	<b>Cash Value (Book) 12/31/08</b>	<b>Market Value</b>	<b>Investment (in years) &lt;1</b>	<b>Maturities 1-5</b>
Star Ohio (uncategorized)	\$ 188,724	\$ 188,950	\$ 188,950	
Money Market Accounts	4,842,624	4,860,522	4,860,522	
Federal Home Loan Bank	2,500,000	2,548,248	0	\$2,548,248
<b>Total</b>	<b>\$7,531,348</b>	<b>\$7,597,720</b>	<b>\$5,049,472</b>	<b>\$2,548,248</b>

The County's deposits and investments, as of December 31, 2008 totaling \$20,650,453 were held in five financial institutions as follows: 17.66% Champaign National Bank, 11.71% Citizens National Bank of Urbana, 57.61% Perpetual Federal Savings Bank, 0.91% Star Ohio and 12.11% Champaign National Bank Trust (Government Investments held by Bank of New York). Of the 12.11% Government portfolio 100% was invested in Federal Home Loan Bank.

Custodial credit risk for investments is the same as listed above under Deposits.

**Interest Rate Risk** - The County's investment policy does not address interest rate risk. Ohio revised code requires that an investment mature within five years from the date of purchase and that an investment must be purchased with the expectation that it will be held to maturity.

**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**4. NOTES PAYABLE AND LONG-TERM OBLIGATIONS**

Obligations at December 31, 2008 were as follows:

	<b>Restated Balance 1/1/08</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance 12/31/08</b>
<b>Governmental Fund Notes:</b>				
Capital Improvement Bond Anticipation Notes - Issued 2003 - Variable Interest Rates	\$472,530		\$472,530	
Capital Improvement Bond Anticipation Notes - Issued 2008 - 6%		\$1,000,000		\$1,000,000
Total Governmental Fund Notes	<u>472,530</u>	<u>\$1,000,000</u>	<u>472,530</u>	<u>1,000,000</u>
<b>Governmental Fund Long-Term Obligations:</b>				
County Various Purpose General Obligation Bonds - Issued 1998 - 5.5%	620,000		200,000	420,000
County Building Refunding Bonds - Issued 2005 - 4.5%	1,970,000		25,000	1,945,000
Ohio Public Works Commission - Issued 2003 - 0%	581,191		58,119	523,072
Total Governmental Fund Long-Term Obligations	<u>3,171,191</u>		<u>\$283,119</u>	<u>\$2,888,072</u>
<b>Enterprise Fund Notes:</b>				
County Home Self-Insurance Bond Anticipation Notes - Issued 2006 - 7.15%	99,649		99,649	
County Home Bond Anticipation Notes - Issued 2005 - 4.6%	100,000		100,000	
Total Enterprise Fund Notes:	<u>199,649</u>		<u>\$199,649</u>	
<b>Enterprise Fund Obligations:</b>				
County Home Improvement General Obligation Bonds - Issued 1997 - 5.5%	90,000		90,000	
Champaign County Memorial Committee Loan - 0%	170,000		170,000	
Total Enterprise Fund Obligations	<u>\$260,000</u>		<u>\$260,000</u>	

The Capital Improvement Bond Anticipation Notes, 2003 series, were issued for the purpose of constructing building improvements and telephone equipment, including a 911 system. The interest rate varies and equals the difference between the prime rate and 1.5%. The notes mature not more than 5 years from the issuance date. The beginning balance above was restated from \$473,328 to \$472,530 as indicated by the bank for payoff in 2008.

The Capital Improvement Bond Anticipation Notes, 2008 series, were issued to finance part of the costs of acquiring and renovating a building for county purposes and to pay off the Capital Improvement Bond Anticipation Notes, 2003 series. The interest rate is 6%. The notes mature on March 1, 2009.

The County Building Refunding Bonds issued 2005 were issued for the purpose of interest savings on the County Various Purpose General Obligation Bonds issued 1998. The bonds were issued at 4.5%. The bonds refunded \$1,865,000 principal on the general obligation bonds. The remainder of the principal of the general obligation bonds will be paid over the next 5 years concluding on December 1, 2010. The County Building Refunding Bonds will be paid over the next 12 years.

**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**4. NOTES PAYABLE AND LONG-TERM OBLIGATIONS (Continued)**

The Ohio Public Works Commission loan was obtained for the purpose of funding capital improvement projects. The loan has a 0% interest rate, and will be repaid over 16 years.

The County Home Self Insurance Note in Anticipation of Bonds issued 2006 for the purpose of providing funds to pay the County Home's portion of the cost of establishing and maintaining a self-insurance program. The interest rate was 7.15% until 2011 when it was subject to change to the lenders prime rate less 10 basis points to produce an equivalent tax-exempt yield to the lender. The note matures not more than seven years from the issuance date. The beginning balance was restated to \$99,649 from \$100,000 as indicated by the bank for payoff in 2008.

The County Home Bond Anticipation Note, Series 2005 was issued for the purpose of paying part of the cost of acquiring and constructing improvements to the County Home. The interest rate was 4.6% until 2011 when it was subject to change to the lenders prime rate less 10 basis points to produce an equivalent tax-exempt yield to the lender. The notes mature not more than 15 years from the issuance date. This was paid off in 2008.

The County Home Improvement General Obligation Bonds were issued in 1997 for the purpose of building improvements. The bonds matured 12/1/2008 with an interest rate of 5.5%.

The Champaign County Memorial Committee loaned the Nursing Home \$170,000 in 2002. The agreement implied the money would not be due back to the Committee unless the Nursing Home was sold. The Nursing Home was sold in 2008 and the County repaid the loan as requested. The beginning balance was restated from \$0 to \$170,000 as it was not presented in the past years.

In addition to the above general obligation bonds, the County has limited obligation bonds (conduit debt) totaling \$130,235 with Champaign Residential Services, Inc. and \$2,162,969 with Urbana University. In the event of default by the agencies, the County's obligation would be limited to revenue derived from the rental or sale of buildings.

In 2006 the County entered into an agreement with the County of Lorain (Catholic Health Partners) for Ohio Hospital Facilities Revenue bonds, Series 2006. Proposed bonds would not exceed \$450,000,000. The bonds would not constitute a liability of Champaign County; instead, the bond would be the sole obligation of Catholic Health Partners.

The following table summarizes the County's future debt service requirements for General Obligation Bonds and Enterprise Fund General Obligation Bonds as of December 31, 2008:

Year Ending 12/31	Various Purpose Bonds		Refunding Bonds		Ohio Public Works Commission	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$205,000	\$23,100	\$ 25,000	\$ 74,938	\$ 29,060	
2010	215,000	11,825	25,000	74,125	58,119	
2011			240,000	73,300	58,119	
2012			255,000	64,900	58,119	
2013			260,000	54,700	58,119	
2014-2018			1,140,000	116,000	261,536	
Total	\$420,000	\$34,925	\$1,945,000	\$457,963	\$523,072	\$0

The general obligation bonds contain no sinking fund requirements or significant bond limitations or restrictions and are backed by the full faith and credit of the County. Historically, the County has appropriated enterprise fund revenues for payment of general obligations debt for enterprise system improvements.

**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**5. RISK MANAGEMENT**

The County is exposed to various risks of property and casualty losses, and injuries to employees.

The County insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The County belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**A. Casualty Coverage**

For an occurrence prior to January 1, 2006 PEP retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year.

For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with PEP.

If losses exhaust PEP's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006) as noted above.

**B. Property Coverage**

Beginning in 2005, APEEP established a risk-sharing property program. Under the program, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount was increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. For 2006, APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will then reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**5. RISK MANAGEMENT (Continued)**

**C. Financial Position**

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006 (the latest information available).

	<b>2007</b>	<b>2006</b>
Assets	\$37,560,071	\$36,123,194
Liabilities	(17,340,825)	(16,738,904)
Net Assets	\$20,219,246	\$19,384,290

At December 31, 2007 and 2006, respectively, the liabilities above include approximately \$15.9 million and \$15.0 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$15.0 million and \$14.4 million of unpaid claims to be billed to approximately 443 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The County's share of these unpaid claims collectible in future years is approximately \$195,027. This payable includes the subsequent year's contribution due if the County terminates participation, as described in the last paragraph below.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<b>Contributions to PEP</b>	
2006	\$183,155
2007	\$208,392
2008	\$169,589

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP provided they provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**D. County Employee Benefit Consortium of Ohio, Inc.**

The County is participating in an insurance group purchasing pool for employee benefit plan costs which was established under the authority granted by Section 9.833 of the Ohio Revised Code. The County Employee Benefit Consortium of Ohio, Inc (CEBCO) was established to assist political subdivisions of the State of Ohio in controlling employee benefit plan costs.

CEBCO is responsible for obtaining and providing to members within 90 days after the last day of the fiscal year, a written report by a member of the American Academy of Actuaries concerning the benefit program.



**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**5. RISK MANAGEMENT (Continued)**

This report shall certify whether the amounts reserved by CEBCO to cover potential cost of health care benefits for eligible officials, employees, and dependents are sufficient and are computed in accordance with accepted loss reserving standards. Each member political subdivision has a voting representative on the CEBCO Board.

**6. PROPERTY TAXES**

Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located in the County. Real property taxes collected during 2008 were levied after October 1, 2007 on the assessed value listed as of January 1, 2007, the lien date. Public utility property taxes collected in 2008 attached as a lien on December 31, 2007 and were levied after October 31, 2007. Taxpayers were required to pay one half of these taxes by February 19, 2008, with the remaining half due by July 18, 2008. Tangible personal property taxes collected in 2008, were levied after October 31, 2007 on the value listed as of December 31, 2007. Taxpayers were required to pay one half of these taxes by May 10, 2008 with the remaining balance due on October 20, 2008.

Public utility property taxes are assessed on tangible personal property at true value, while other tangible personal property assessments are 23% of true value. True value is based on cost and established by the State. Assessed values on real property are established by State law at 35% of appraised market value. A revaluation of all property is required to be completed every sixth year, with a statistical update every third year. The last revaluation was completed during 2007.

The assessed value by property classification, upon which the 2008 tax receipts were based, follows:

Real Property	\$693,884,270
Public Utility Real Property	93,780
Tangible Personal Property	44,310,513
Public Utility Tangible Personal Property	29,377,700
Manufactured Homes	1,156,696
Total	<u>\$768,822,959</u>

Ohio law prohibits taxation from all taxing authorities in excess of 10 mills of assessed value without a vote of the people. Currently, the County levies 2.6 mills of the first 10 mills of assessed value. During 2008 in addition to the 2.6 mills, 8.1 mills have been levied based upon mills voted for the Senior Citizens, MRDD (Lawnview School), the Children's Service levy, a 9-1-1 levy, and Health District levy.

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

**7. LOCAL SALES TAX**

For the purpose of providing additional general revenues, the Champaign County Commissioners have levied a tax at the rate of 1½ % percent upon certain retail sales made in the County. Tax receipts are credited to the general fund and amounted to \$4,643,106 for 2008.

**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**8. PROPERTY LEASE REVENUE**

The County leased 150 acres to a farmer for a three-year period beginning March 1, 2008, at an annual rent of \$18,725, with optional annual rental updates. Total rental income on the farm for 2008 was \$18,725 and is reported as rental income in the general operating fund.

The County leased office space in downtown Urbana at Miami Square. Total rental income from Miami Square for 2008 was \$14,267 and is reported as rental income in the general operating fund.

The County leased office space in South Point Center to various agencies. Total rental income from South Point for 2008 was \$266,302 and is reported as rental income in the general operating fund.

**9. DEFINED BENEFIT PENSION PLANS**

**A. Ohio Public Employees Retirement System**

The County participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans as described below:

1. The Traditional Pension Plan - a cost sharing, multiple-employer defined benefit pension plan.
2. The Member-Directed Plan - a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.
3. The Combined Plan - a cost sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2008, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. The 2008 member contribution rates were 10.0% for members in state and local classifications. Public safety and law enforcement members contributed 10.1%. The 2008 employer contribution rate for state and local employers was 14.00% of covered payroll. For both the law enforcement and public safety divisions, the employer contribution rate for 2008 was 17.40%.

**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**9. DEFINED BENEFIT PENSION PLANS (Continued)**

**B. State Teachers Retirement System**

**Plan Description** – The County participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

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

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

**Funding Policy** - For the fiscal year ended June 30, 2008, plan members were required to contribute 10 percent of their annual covered salaries. The County was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2007, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

**10. POST-RETIREMENT BENEFITS**

**A. Ohio Public Employees Retirement System**

**1. Plan Description**

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

**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**10. POST-RETIREMENT BENEFITS (Continued)**

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

**2. Funding Policy**

The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2008, state and local employers contributed at a rate of 14.00% of covered payroll, and public safety and law enforcement employers contributed at 17.40%. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for state and local employer units and 18.1% of covered payroll for law and public safety employer units. Active members do not make contributions to the OPEB Plan.

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

**3. OPERS Retirement Board Implements its Health Care Preservation Plan**

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**10. POST-RETIREMENT BENEFITS (Continued)**

**B. State Teachers Retirement System**

**1. Plan Description**

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

**2. Funding Policy**

Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2008, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund.

**11. PENDING LITIGATION**

The County is a defendant in a number of lawsuits pertaining to matters, which are incidental to performing routine governmental and other functions. No material claims are outstanding.

The County participates in certain federal and state assisted grants and programs that are subject to financial compliance audits by the grantor agencies or their representatives. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Such audits could lead to reimbursements to the grantor agencies. It is the opinion of management, that the reimbursement, if any, will not have a material effect on the County's financial position.

**12. JOINTLY GOVERNED ORGANIZATIONS**

**A. Central Ohio Youth Center**

The Central Ohio Youth Center is a jointly governed organization involving Union, Champaign, Delaware, and Madison Counties. The Center provides facilities for the training, treatment and rehabilitation of delinquent, dependent, abused, or neglected children and was established under Section 2151.34 of the Ohio Revised Code. The operation of the Center is controlled by a joint board of trustees whose membership consists of two appointees of the Union County Commissioners, two appointees of the Delaware County Commissioners, and one appointee from Champaign, Logan, and Madison Counties. Each county's ability to influence the operations of the Center is limited to their representation on the board of trustees. Appropriations are adopted by the joint board of trustees who exercise control over the operation, maintenance, and construction of the Center. Union County serves as the fiscal agent. Each county is charged for their share of the operating costs of the Center based on the number of individuals from their County in attendance. During 2008, Champaign County contributed \$532,096 for operations of the Center.

**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**12. JOINTLY GOVERNED ORGANIZATIONS (Continued)**

**B. Champaign County Child and Family Council**

The Champaign County Child and Family Council was established under Section 121.37 of the Ohio Revised Code to provide help to families seeking government services. These services are provided through coordination, collaboration and cooperation of parents and of public and private agencies and shall foster and develop resources, which minimize barriers and enable families to build on their strengths to enhance their quality of life. Council membership is set by statute and includes the chair of the board of county commissioners, or an individual designated by the board. Appropriations are adopted by the Champaign County Budget Commission and the Champaign County Auditor serves as the fiscal agent. During the period of January through June 2006, the Champaign County Commissioners served as the Council's administrative agent. Beginning July 1, 2006, the Mental Health, Drug and Alcohol Services Board of Logan and Champaign Counties became the Council's administrative agent.

**C. Fairways Regional Council of Governments**

The County is a participant in the Fairways Regional Council of Governments (the Council), a jointly governed organization with Greene and Madison Counties. The purpose of the Council is to provide supported living services and family support services for mentally retarded and disabled individuals and their families. The Council started providing these services in September 1998 and is established under section 167 of the Ohio Revised Code. The Council is governed by a three-member board of directors, consisting of the superintendents of the participating Counties MRDD Boards. Champaign County has no ongoing financial responsibility to the Board. During 2008, Champaign County made no contributions towards the operation of the Council.

**D. Champaign Countywide Public Safety Communications System Council of Governments**

The County entered into an agreement in April 2005 with the Champaign Countywide Public Safety Communications System Council of Governments (COG) whereby the City of Urbana and the County created the COG for the purpose of operating an enhanced 9-1-1 system. The COG contracted with Champaign County to serve as its fiscal agent. During 2008, the County made no contributions towards the operation of the COG.

**E. North Central Ohio Solid Waste Management District**

Champaign County participates in a Multi-County Solid Waste District (the District), along with Allen, Hardin, Marion, Shelby and Union Counties. The District was established following the requirements of House Bill 592. The Board of Directors consists of County Commissioners from each county. Allen County serves as the fiscal agent for the District. Initial funding for the District was contributed by each county based on the individual county's population as compared to the total of all participating counties' populations.

Champaign County initially contributed approximately 12 percent of the total funds contributed. In 1994, the District became self-supporting and does not anticipate having to rely on future support coming from funds given to the District by the six counties involved. The County did not contribute to the District nor does it anticipate doing so in the future. Complete financial statements can be obtained from the North Central Ohio Solid Waste Management District, Allen County, Ohio.

**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**13. JOINT VENTURE**

**Tri-County Regional Jail** – Champaign County is a participant in the Tri-County Regional Jail, which is a joint prison capable of minimum, medium, and maximum security. The prison was built to house convicted criminals from Madison, Union and Champaign Counties. The governing board consists of the Champaign County Sheriff and the Common Pleas Judge from each of the aforementioned counties, with the judge from Champaign County chairing the board. The Champaign County Auditor serves as fiscal agent for the Jail. During 2008, Champaign County contributed \$1,333,720 towards the operation of the jail. Financial information can be obtained by writing the Champaign County Auditor, 1512 South U.S. Highway 68, Urbana, OH 43078.

**14. DEFERRED COMPENSATION PLANS**

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

**15. SUBSEQUENT EVENTS**

**A. Job and Family Services and Child Support Enforcement Agency**

On July 1, 2009, the Job and Family Services and Child Support Enforcement Agency departments combined into one larger department.

**B. Resignation of County Auditor**

The County Auditor presented her letter of resignation on July 14, 2009, which would take effect on July 31, 2009.

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**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2008**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<b>U.S. Department of Justice</b>			
(Direct)			
Bulletproof Vest Partnership Program	FY08	16.607	\$2,000
Total U.S. Department of Justice			<u>2,000</u>
<b>U.S. Department of Housing &amp; Urban Development</b>			
<i>(Passed through Ohio Department of Development)</i>			
Community Development Block Grants/State's Program	BC-05-011-1	14.228	14,003
	BF-06-011-1		44,675
	BC-07-011-1		46,264
	BC-07-011-2		116,108
	BF-07-011-1		14,261
Total Community Deveolpment Block Grants/State's Program			<u>235,311</u>
Home Investment Partnerships Program	BC-05-011-2	14.239	56,458
Total U.S. Department of Housing and Urban Development			<u>291,769</u>
<b>U.S. Department of Transportation</b>			
<i>(Passed through Ohio Department of Transportation)</i>			
Highway Planning and Construction	83408-1	20.205	20,735
Formula Grants for Other Than Urbanized Areas	N/A	20.509	199,265
Total U.S. Department of Transportation			<u>220,000</u>
<b>U.S. Department of Education</b>			
<i>(Passed through Ohio Department of Education)</i>			
Special Education Cluster:			
Special Education Grants to States	065896-6B-SF-2008	84.027	9,192
	065896-6B-SF-2009		6,845
Total Special Education Grants to States			<u>16,037</u>
Special Education - Preschool Grant	065896-PG-S1-2009	84.173	5,621
	065896-PG-D-2009		3,000
Total Special Education - Preschool Grant			<u>8,621</u>
Total Special Education Cluster			<u>24,658</u>
Total U.S. Department of Education			<u>24,658</u>
<b>U.S. Department of Health &amp; Human Services</b>			
<i>(Passed through Area Agency on Aging, Planning &amp; Service Area)</i>			
Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers	FY07	93.044	27,165
<i>(Passed through Ohio Secretary of State)</i>			
Voting Access for Individuals with Disabilities-Grants to States	06-SOS-HHHS-11	93.617	810
<i>(Passed through Ohio Department of Mental Retardation)</i>			
Social Services Block Grant	FY08	93.667	25,759
	FY09		16,709
Total Social Services Block Grant			<u>42,468</u>
State Children's Insurance Program	N/A	93.767	1,588
Medical Assistance Program:			
Targeted Case Management (TCM)	FY08	93.778	149,045
Waiver - Individual Options and Level 1	FY08		535,970
Total Medical Assistance Program			<u>685,015</u>
Total U.S. Department of Health & Human Services			<u>757,046</u>

(Continued)

**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2008**

<b>Federal Grantor/ Pass Through Grantor Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Disbursements</b>
<b>U.S. Department of Labor</b>			
<i>(Passed through Area 7 Workforce Investment Board)</i>			
Workforce Investment Act (WIA) Cluster:			
WIA Adult Program	N/A	17.258	66,855
WIA Adult Program - Administration	N/A		4,329
Total WIA Adult Program			<u>71,184</u>
WIA Youth Activities	N/A	17.259	67,664
WIA Youth Activities - Administration	N/A		6,375
Total WIA Youth Activities			<u>74,039</u>
WIA Dislocated Workers	N/A	17.260	160,667
WIA Dislocated Workers - Administration	N/A		7,889
Total WIA Dislocated Workers			<u>168,556</u>
Total Workforce Investment Act Cluster			<u>313,779</u>
Total U.S. Department of Labor			<u>313,779</u>
<b>U.S. Department of Homeland Security</b>			
<i>(Passed through Ohio Emergency Management Agency)</i>			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	021-0C4A8-000	97.036	23,891
Total U.S. Department of Homeland Security			<u>23,891</u>
Total Federal Financial Assistance			<u>\$1,633,143</u>

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

**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
YEAR ENDED DECEMBER 31, 2008**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B – SUB-RECIPIENTS**

The County passes-through certain Federal assistance received from the Ohio Department of Development to other governments or not-for-profit agencies (sub-recipients). As described in Note A, the County records expenditures of Federal awards to sub-recipients when paid in cash.

The sub-recipient agencies have certain compliance responsibilities related to administering these Federal Programs. Under Federal Circular A-133, the County is responsible for monitoring sub-recipients to help assure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements, and that performance goals are achieved.

**NOTE C - MATCHING REQUIREMENTS**

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

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# Mary Taylor, CPA

Auditor of State

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

Honorable County Board of Commissioners  
Honorable County Auditor  
Honorable County Treasurer  
Champaign County  
1512 South US Highway 68  
Urbana, Ohio 43078

To the Board of County Commissioners, County Auditor, and County Treasurer:

We have audited the financial statements of Champaign County, (the County), as of and for the year ended December 31, 2008, and have issued our report thereon dated August 12, 2009, wherein we noted the County prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our audit procedures for 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

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.

We consider findings 2008-001 through 2008-003 and 2008-009 described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

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.

**Internal Control Over Financial Reporting  
(Continued)**

Our consideration of the 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 the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. Of the significant deficiencies described above, we believe findings 2008-001 and 2008-002 are also material weaknesses.

We also noted certain internal control matters that we reported to the County's management in a separate letter dated August 12, 2009.

**Compliance and Other Matters**

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2008-004 through 2008-010.

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

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



**Mary Taylor, CPA**  
Auditor of State

August 12, 2009



# Mary Taylor, CPA

Auditor of State

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

Honorable County Board of Commissioners  
Honorable County Auditor  
Honorable County Treasurer  
Champaign County  
1512 South US Highway 68  
Urbana, Ohio 43078

To the Board of County Commissioners, County Auditor, and County Treasurer:

### Compliance

We have audited the compliance of Champaign County (the County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the year ended December 31, 2008. The summary of auditor's results section of the accompanying schedule of findings identifies the County's major federal programs. The County's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits 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 reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, Champaign County complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended December 31, 2008. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that OMB Circular A-133 requires us to report, which is described in the accompanying Schedule of Findings as item 2008-011.

### Internal Control Over Compliance

The County's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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.

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 County's ability to administer a federal program such that there is more than a remote likelihood that the County'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.

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

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



**Mary Taylor, CPA**  
Auditor of State

August 12, 2009



**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2008**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	<b>Adverse</b>
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	<b>Yes</b>
<b>(d)(1)(ii)</b>	<b>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	<b>Yes</b>
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	<b>Yes</b>
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	<b>No</b>
<b>(d)(1)(iv)</b>	<b>Were there any other significant deficiencies in internal control reported for major federal programs?</b>	<b>No</b>
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	<b>Unqualified</b>
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	<b>Yes</b>
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	<b>Medical Assistance Program CFDA 93.778</b>  <b>Workforce Investment Act Cluster CFDA 17.258, 17.259 &amp; 17.260</b>
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	<b>Type A: &gt; \$ 300,000 Type B: all others</b>
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	<b>No</b>

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

**FINDING NUMBER 2008-001**

**Material Weakness**

**Financial Reporting**

Auditor of State Bulletin 2005-005 requires non-GAAP, cash-basis financial statements filers, such as Champaign County, to prepare their annual reports using the same fund categories and the same fund types as provided for in Generally Accepted Accounting Principles (GAAP). The purpose of this change is to provide a level of comparability in terms of fund types among similar governments, regardless of the basis used to prepare their annual financial statements. Effective January 1, 2006 the County was required to classify its expendable and its nonexpendable trust funds as special revenue, permanent or private purpose trust funds using the guidelines presented in the Bulletin. Expendable and nonexpendable fund types were eliminated. The County Auditor did not make the required fund reclassifications for 2008. The statements presented all trust funds in one Permanent Trust fund column with a description below indicating a non-expendable total. This resulted in material adjustments to the 2008 financial statements to reclassify trust funds in the appropriate categories.

In addition to the incorrect fund classifications, the County's financial statements included the following errors:

- Non-entity funds were excluded from Agency funds (19% of expenditures and 17% of revenues)
- Prior year balances did not match prior year audited amounts due to un-posted audit adjustments from 2006 and 2007
- Budget to actual statements presented incorrect amounts when compared to approved budgeted and actual receipts and expenditures (General Fund 15% of estimated revenue and 2% of budgeted expenditures and Special Revenue 7% actual receipts and 3% of budgeted expenditures)

To decrease the risk of materially misstating its financial activity in the its Annual Report, the County Auditor should review current bulletins and training materials before preparing the current year's statements. When the statements are complete they should be reviewed by the County Auditor as well as the Commissioners for reasonableness, accuracy and obvious errors.

**County Auditor Response:**

The County Auditor will reclassify funds for Fiscal Year 2009.

**FINDING NUMBER 2008-002**

**Material Weakness**

**Reconciliations of Tax Settlements and Agency Funds**

Reconciliations of real estate tax settlements and board and subdivision agency fund balances can help assure that balances are complete and existed. Additionally, they can help determine that transactions were complete, occurred, are accurately recorded, properly cutoff and properly classified.

The County Auditor performed reconciliations of tax settlements and maintains board/subdivision agency fund account balances. Testing of these reconciliations and agency fund account balances noted the following deficiencies:

**FINDING NUMBER 2008-002  
(Continued)**

- The 1<sup>st</sup> half real estate settlement reconciliation dated February 29, 2008 was not certified as correct by the County Auditor until May 12, 2008 and the settlement was not processed until May 16, 2008;
- The 1<sup>st</sup> half real estate settlement reconciliation included an incorrect payment of \$175 of special assessment monies to Mad River Township, which belonged to Union Township;
- The 2<sup>nd</sup> half real estate settlement reconciliation identified a tax settlement to Urbana City School District in the amount of \$581,576.87, however, only \$81,576.87 was paid to the district leaving a balance of \$500,000 owed;
- The month end reconciliation of the Urbana City School District agency fund did not identify the under payment of \$500,000 and the error was not discovered until Urbana City School District contacted the County Auditor;
- The 2<sup>nd</sup> half real estate settlement reconciliation identified \$3,109.86 in election fee expenses and \$30,445 in House Bill 66 administrative fee reimbursements collected from the boards and subdivisions and due to the County that were not posted to the accounting ledgers of the County, therefore, the agency fund balances of the individual boards and subdivisions are overstated and the County's financial statements are understated; and
- There was no evidence that the County Auditor or her deputies perform monthly reconciliations of the individual boards and subdivision agency fund balances.

In addition to the issues noted above, the County Auditor failed to remit \$3,006.65 of Permissive Motor Vehicle License Tax money to Goshen Township as required. Proper reconciliations of agency fund balances should have detected this non-payment, which resulted in a finding for recovery at the Township for money due, but not collected. The County Auditor remitted the funds to the Township in April 2009.

To strengthen internal accounting controls, to reduce errors, and to provide for more accurate financial reporting, the County Auditor should:

- Reconcile the real estate tax settlements in a timely manner;
- Payments per the real estate settlement reconciliations to the boards and subdivisions should be checked for accuracy as to amounts and vendor and agreed to the accounting ledgers, cancelled checks, and bank statements;
- Fees, reimbursements, and expenses collected from the boards and subdivisions should be posted to the accounting ledgers in a timely manner and agreed to the real estate settlement reconciliation and the boards and subdivision agency funds; and
- The boards and subdivision agency funds should be reconciled on a monthly basis such as agreeing receipts, expenditures, or incoming/outgoing transfers to evidential matter and explaining unexpended balances to such evidential matter as fees not posted, payment in transit, or other such evidential matter.

**County Auditor Response:**

The County Auditor's Accounting Clerk has been instructed to reconcile Funds at time of settlement, and also monthly to ensure all monies are expended properly and timely.

### FINDING NUMBER 2008-003

#### Significant Deficiency

#### Jackson Township 2<sup>nd</sup> Half Real Property Tax Settlement Apportionment

Due to errors noted from the County Auditor improperly certifying tax rates for Jackson Township, the 1<sup>st</sup> and 2<sup>nd</sup> half real property tax settlements were recalculated to determine if the township received the correct tax distribution from the County Auditor's office.

The County Auditor's office, after determining that the 1<sup>st</sup> half tax bills were incorrect due to a .6 mill general fund levy of the township being erroneously omitted from the rates of taxation, corrected the tax bills for the four taxing districts affected and re-billed the parcel owners on the 2<sup>nd</sup> half bills as required by **Ohio Rev. Code Section 319.40** for the omitted tax. The omitted tax was calculated correctly, however, the auditor's office did not change the apportionment of taxes in the computerized accounting real estate tax software. This caused approximately \$11,200 of money collected and owed to the general fund of the township to be apportioned to other levies for approximately 1,789 parcels assessed resulting in Champaign County, Graham Local School District, the Village of St. Paris, the Village of Christiansburg, and other boards and subdivisions receiving tax monies not due. This results in incorrect financial statement revenues for each subdivision affected.

To correct the error, the County Auditor should contact the computerized accounting real estate tax software company (Manatron Inc.) to correctly reapportion the 2<sup>nd</sup> half real property tax settlements to each entity affected to determine the correct real estate tax settlement. The corrected settlements should be utilized to collect the taxes erroneously paid to the boards and subdivisions of the county, and these monies should be remitted to the Jackson Township general fund.

#### County Auditor Response:

The County has communicated with the software vendor and is in the process of recalculating the settlement.

### FINDING NUMBER 2008-004

#### Non-Compliance - Finding For Recovery – Repaid Under Audit

**Ohio Rev. Code Section 3375.49** states in calendar years 2007 through 2010, the board of county commissioners and board of trustees shall be responsible for paying compensation of the librarian and up to two assistant librarians appointed under Ohio Revised Code Section 3375.48. In calendar year 2008, the board of county commissioners shall pay sixty percent and the board of trustees shall pay forty percent.

In Champaign County, the County Commissioners allocate and report 100 percent of compensation for the Law Librarian and then request reimbursement from the Law Library for its allocation amount. In 2008, the total compensation for the Law Librarian was \$12,006.20. The Champaign County Law Library paid \$4,573.20 to the Champaign County Commissioners for its portion of compensation; however the required 40 percent was \$4,802.48. This resulted in an underpayment of \$229.28 by the Law Library to the County Commissioners.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies due but not collected is hereby issued against the Champaign County Law Library in the amount of \$229.28, and in favor of the Champaign County General Fund.

#### Commissioners Response:

The Law Library paid \$229.28 to the Commissioners on May 27, 2009 as evidenced by pay-in 40423.

#### FINDING NUMBER 2008-005

##### Non-Compliance

**Ohio Administrative Code Section 117-2-03 (B)** requires the County to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP). The County, however, prepared its annual financial report for 2008 in accordance with standards established by the Auditor of State for governmental entities not required to prepare annual reports in accordance with generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. The County can be fined. In addition, various other administrative remedies may be taken against the County.

The County is a large and complex government. To provide citizens and other concerned readers of the financial statements access to the assets, liabilities, fund equities, and required disclosures, the County should prepare its annual financial reports in accordance with generally accepted accounting principles.

##### County Auditor Response:

Although the County finds no justification for the expense of taxpayer dollars that would be necessary to prepare the annual financial reports in accordance with generally accepted accounting principles, the Auditor has requested appropriations to do so in 2010.

#### FINDING NUMBER 2008-006

##### Non-Compliance

**Ohio Rev. Code Section 321.31** governs the payment of tax settlements from the county treasury to the political subdivisions and boards and requires the treasurer to "immediately" pay such moneys to the political subdivisions and boards.

**Ohio Rev. Code Section 321.24 (A)** states that on or before the fifteenth day of February, in each year, the county treasurer shall settle with the county auditor for all taxes and assessments that the treasurer has collected on the general duplicate of real and public utility property at the time of making the settlement. If the county treasurer has made or will make advance payments to the several taxing districts of current year unpaid taxes under section 321.341 of the Revised Code before collecting them, the county treasurer shall take the advance payments into account for purposes of the settlement with the county audit under this division.

**Ohio Rev. Code Section 135.351(B)(2)** requires moneys due to boards and subdivisions under section 321.31 of the Revised Code, to pay and distribute such moneys within five business days after the final date prescribed by law for such settlement, or if the settlement date is lawfully extended, within five business days after the date of such lawful extension.

If the county fails to make any payment and distribution required by division (B) of Ohio Rev. Code Section 135.351 within the time periods prescribed by that division, the county shall pay to the appropriate other political subdivision, taxing district, or special district any interest that the county has received or will receive on any moneys or advance described in that division which accrues after the date such moneys or advance should have been distributed, together with the principal amount of such moneys or advance. The county shall make this payment of principal and interest within five business days after the treasurer or other appropriate officer of such other political subdivision or district files a written demand for payment with the county auditor.

**FINDING NUMBER 2008-006  
(Continued)**

Champaign County did not comply with the aforementioned requirements in remitting property tax settlements to the boards and subdivisions of the County. A calculation of the 1<sup>st</sup> half settlement date with the boards and subdivisions of the county determined Champaign County should have remitted property tax monies to the subdivisions no later than April 10, 2008. The County remitted the tax settlements on May 15, 2008 which was 35 days late.

The County did not credit and remit interest earned as required by Ohio Rev. Code Section 135.351. Due to these facts, the County should calculate interest earned on the monies held for real estate tax settlements for the 35 days and remit these funds to the boards and subdivisions of the county. Furthermore, the County should determine the interest earned on its own levies and special revenue funds and adjust the fund balances appropriately.

To strengthen internal accounting controls, to reduce errors, and to prevent late tax settlements to the boards and subdivisions, the County should perform the following:

- Consult with the County Prosecutor and the Ohio Department of Taxation to determine settlement dates for all taxes and monies held that are to be remitted to the boards and subdivisions of the county;
- Implement internal controls such as:
  - timely reconciliations of tax settlements between the treasurer and auditor;
  - training programs for employees responsible for settlements;
  - communicating with boards and subdivisions about settlement dates and if appropriate, communicate that settlements will be late; and
  - develop an interest allocation plan for late settlements and remit these monies to the boards, subdivisions, and funds of the county.

**County Auditor Response:**

This was corrected at second half settlement. The County has received additional software training and will ensure future settlements are completed timely.

**FINDING NUMBER 2008-007**

**Non-Compliance**

**Ohio Rev. Code Section 321.26(B)** states that if any settlement is not made on or before the date prescribed by law for such settlement or any lawful extension of such date, the aggregate compensation allowed to the auditor and treasurer for collection fees shall be reduced one per cent for each day such settlement is delayed after the prescribed date. No penalty shall apply if the auditor and treasurer grant all requests for advances up to ninety per cent of the settlement pursuant to section 321.34 of the Revised Code. The compensation allowed in accordance with this section on settlements made before the dates prescribed by law, or the reduced compensation allowed in accordance with this section on settlements made after the date prescribed by law or any lawful extension of such date, shall be apportioned ratably by the auditor and deducted from the shares or portions of the revenue payable to the state as well as to the county, townships, municipal corporations, and school districts.

A calculation of the 1<sup>st</sup> half settlement date with the boards and subdivisions of the county determined Champaign County should have remitted property tax monies to the subdivisions no later than April 10, 2008. The County remitted the tax settlements on May 15, 2008 which was 35 days late.

**FINDING NUMBER 2008-007  
(Continued)**

Furthermore, school districts requested advances up to ninety percent of settlement monies pursuant to section 321.34. The County Auditor did not advance ninety percent of settlements as requested. The fees due under sections 319.54 and 321.26 were charged to these school districts and to all the boards and subdivision at the full amount. The penalty was not calculated by the County Auditor and apportioned ratably as required by the aforementioned sections of code. This resulted in a \$41,707 over charge in fees on the 1<sup>st</sup> half settlement.

To provide for proper stewardship of public monies, the County Auditor should remit these monies to the boards and subdivisions of the County. The County Auditor should also implement procedures to provide that tax settlements are completely timely and subdivisions receive the proper advances as requested in order to avoid paying penalties and interest.

**County Auditor Response:**

This was corrected at second half settlement. The County has received additional software training and will ensure future settlements are completed timely.

**FINDING NUMBER 2008-008**

**Non-Compliance**

**Ohio Admin. Code § 5703-25-46(A)** requires that at the time the county auditor submits the abstract of real property as required under section 5715.23 of the Revised Code, the auditor shall furnish the information required by the tax commissioner to compute the tax reduction factors or adjustments under divisions (D) and (E) of section 319.301 of the Revised Code. The auditor shall supplement this information as requested by the Commissioner, or by the last day of November if a tax approved at the November election is to be extended on the current year's tax list and duplicate.

To comply with the aforementioned section of code, annually, the Department of Taxation sends an "Abstract of Tax Rates" to the county auditor and certification page which states "I assure the correctness of the levies used in this abstract to establish the tax reduction factors as certified by the tax commissioner for use in calculating tax bills in each taxing district of this county...". The tax abstract is to be reviewed and corrected by the county auditor and the certification page is to be signed by the county auditor.

The County Auditor filed the tax abstract as required and certified its correctness; however, a .6 mill increase of inside millage for Jackson Township approved by the Champaign County Budget Commission on August 6, 2007 was omitted from the abstract. Consequently, the Ohio Department of Taxation utilized the wrong tax rates to compile the Composite Reduction Factor report and the county auditor utilized the incorrect tax rates from the composite report to calculate the tax bills. This resulted in approximately 2,150 incorrect tax bills. After the error was brought to the attention of the County Auditor by the Jackson Township fiscal officer, the County Auditor charged the omitted taxes as required under section 319.40 of the Revised Code and re-billed the parcel owners for the second half bills.

To strengthen internal accounting controls, reduce errors, and provide public officials with reasonable assurance that tax rates certified to the Department of Taxation are correct and that the tax bills are correct, the County Auditor should implement the following procedures:

**FINDING NUMBER 2008-008  
(Continued)**

- Tax rates certified to the Ohio Department of Taxation should be agreed to the tax rates certified by the Board of Elections and approved by the County Budget Commission;
- The composite reduction factor report received from the Ohio Department of Taxation should be reviewed for errors and corrected as necessary; and
- The County Auditor should implement procedures to prevent and detect, in a timely manner, errors in tax rates as they are entered or changed within the computerized accounting system.

**County Auditor Response:**

This issue was corrected on second half tax bills. The County will establish procedures to ensure new levies are included in the abstract.

**FINDING NUMBER 2008-009**

**Non-Compliance and Significant Deficiency**

**Ohio Revised Code Section 149.011(G)** defines “records” for purposes of the public records law, as any document, device, or item, regardless of physical form or characteristic, including an electronic record as defined in section 1306.01 of the Revised Code, created, received by, or coming under the jurisdiction of any public office which serves to document the organization, functions, policies, decisions, procedures, operations, or other activities of the public office.

**Ohio Revised Code Section 149.43(B)(1)** states that “all public records shall be promptly prepared and made available for inspection to any member of the general public at all reasonable times during regular business hours.”

Also, **Ohio Revised Code Section 149.351(A)** states that “all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commission provided for under Ohio Revised Code Sections 149.38 to 149.42.”

Property valuations for five of 25 parcels tested lacked supporting documentation to determine that the correct valuation was utilized to calculate real property tax bills. This resulted in a property valuation error of \$33,512 or 1.91% variance of the population tested. Furthermore, this error resulted in a \$472 overall tax bill error for the 25 parcels tested. Failure to retain public records could result in the County’s Property Tax Division’s inability to detect errors or irregularities in the normal course of business and resulted in incorrect tax bills and revenues for the county and its subdivisions.

Policies and procedures should be developed and implemented to verify that the valuations on the tax duplicate are correct. In addition, the County should maintain all records and supporting documentation until they have been subject to auditing procedures and only dispose of records in accordance with their record retention policy.

**County Auditor Response:**

Property record cards are kept in the files for 12 years or longer and then copied to microfiche prior to being destroyed. Backup notes prepared by outside appraisers are kept in a separate file. The County will require the appraisers to promptly file their notes.



**FINDING NUMBER 2008-010**

**Non-Compliance**

**Ohio Revised Code Section 9.38** requires public money to be deposited with the treasurer of the public office or to a designated depository on the business day following the day of receipt.

This section also stipulates that if the amount of daily receipts does not exceed \$1,000 and the receipts can be safeguarded, public offices may adopt a policy permitting officials who receive money to hold it past the next business day, but the deposit must be made no later than 3 business days after receiving it. If the amount exceeds \$1,000 or a lesser amount cannot be safeguarded, the public official must then deposit the money on the next business day.

Contrary to this statute, the Building Regulations Department was not depositing revenues promptly with the County Treasurer. During 2008, 25 percent of receipts tested were deposited two to four business days after they were collected.

To prevent non-compliance and decrease the threat of missing funds, Buildings and Regulations should evaluate the deposits collected and implement procedures that will ensure deposits are made with the County Treasurer within the required time period.

**Building Regulations Response:**

This problem has been corrected as of January 2009. Deposits are being made on a daily basis or within a twenty-four hour period and initialed by another party of the department.

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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<b>Finding Number</b>	2008-011
<b>CFDA Title and Number</b>	All
<b>Federal Award Number / Year</b>	All
<b>Federal Agency</b>	All
<b>Pass-Through Agency</b>	All

**Non-Compliance**

**OMB Circular A-133 Section 320(a)** requires the County Auditor to submit the Federal Single Audit data collection form described in Section 320(b) and the reporting package described in Section 320(c) within the earlier of 30 days after receipt of the auditor's report, or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit. If this is not done, then a federal single audit is considered not "completed" and the County cannot be considered a low-risk auditee for single audit purposes.

Due to the completion date of the 2007 audit, the County was granted an extension to file the data collection form and reporting package. The County Auditor did not submit the December 31, 2007 data collection form or the reporting package. The Federal Clearing House did not receive the required form or report.

**FINDING NUMBER 2008-011  
(Continued)**

Failure to complete and submit the Federal Single Audit data collection form described in Section 320(b) and the reporting package described in Section 320(c) will result in the County's designation as a high-risk auditee requiring additional testing of federal programs and the possible loss of federal funding. The County Auditor should implement controls to assist in timely submissions.

**County Auditor Response:**

The Auditor will assure the form is filed in the future.

**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 § .315 (b)  
DECEMBER 31, 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain</b>
2007-001	OAC 117-2-03B – Failure to file GAAP financial statements	No	Repeated as Finding 2008-005
2007-002	ORC 5715.23 – Incorrect tax abstract filing	Yes	
2007-003	ORC 321.31 and 135.351(B)(2) – Untimely tax settlements with interest due to subdivisions	No	Repeated as Finding 2008-006
2007-004	ORC 319.54(A) and 321.26(B) – Untimely tax settlements and collection of auditor and treasurer fees	No	Repeated as Finding 2008-007
2007-005	ORC 9.38, timely deposits	No	Repeated as Finding 2008-010
2007-006	ORC 2949.091(A)(1) and (2) – Incorrect fees charged at Juvenile Court	Yes	
2007-007	Financial Reporting – Failure to reclassify trust funds and material errors in annual report	No	Repeated as Finding 2008-001
2007-008	Tax Settlement Deductions – Fees posted incorrectly on tax settlements	Yes	
2007-009	Building Regulations Receipt Processes and Policies – Inadequate receipt procedures	Yes	
2007-010	Compensatory Time – Lack of oversight and record-keeping for comp time	Yes	

**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**CORRECTIVE ACTION PLAN  
OMB CIRCULAR A -133 § .315 (c)  
DECEMBER 31, 2008**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2008-001	The County Auditor will reclassify funds for Fiscal Year 2009.	January 2010	Bonnie Warman County Auditor
2008-002	The County Auditor's Accounting Clerk has been instructed to reconcile Funds at time of settlement, and also monthly to ensure all monies are expended properly and timely.	July 2009	Bonnie Warman County Auditor
2008-003	The County has communicated with the software vendor and is in the process of recalculating the settlement.	August 2009	Bonnie Warman County Auditor
2008-004	The Law Library paid \$229.28 to the County Commissioners on May 27, 2009 as evidenced by pay-in number 40423. This requirement is no longer valid in 2009.	January 2009	Andrea Millice Cleark/Administrator
2008-005	Although the County finds no justification for the expense of taxpayer dollars that would be necessary to prepare the annual financial reports in accordance with generally accepted accounting principles, the Auditor has requested appropriations to do so in 2010.	January 2010	Bonnie Warman County Auditor
2008-006	This was corrected at second half settlement. The County has received additional software training and will ensure future settlements are completed timely.	August 2008	Bonnie Warman County Auditor
2008-007	This was corrected at second half settlement. The County has received additional software training and will ensure future settlements are completed timely.	August 2008	Bonnie Warman County Auditor
2008-008	This issue was corrected on second half tax bills. The County will establish procedures to ensure new levies are included in the abstract.	August 2008	Bonnie Warman County Auditor
2008-009	Property record cards are kept in the files for 12 years or longer and then copied to microfiche prior to being destroyed. Backup notes prepared by outside appraisers are kept in a separate file. The County will require the appraisers to promptly file their notes.	July 2009	Bonnie Warman County Auditor
2008-010	Deposits are being made on a daily basis or within a twenty-four hour period and initialed by another party of the department.	January 2009	Gene Gaver Building Regulations Department Head
2008-011	The Auditor will assure the form is filed in the future.	August 2009	Bonnie Warman County Auditor



Mary Taylor, CPA  
Auditor of State

**FINANCIAL CONDITION**

**CHAMPAIGN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER 24, 2009**