



Mary Taylor, CPA
Auditor of State

JACKSON COUNTY
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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Jackson County
226 East Main Street
Jackson, Ohio 45640

To the Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Jackson County, Ohio (the County), as of and for the year ended December 31, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of J-Vac Industries, Inc., a discretely presented component unit. Other auditors audited those financial statements. They have furnished their report thereon to us, and we base our opinion, insofar as it relates to the amounts included for J-Vac Industries, Inc., on the report of the other auditors.

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. The other auditors audited the financial statements of J-Vac Industries, Inc., in accordance with auditing standards generally accepted in the United States of America and not in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

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 2, except for J-Vac Industries, Inc., the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

J-Vac Industries, Inc., is a discretely presented component unit of the County, as disclosed in Note 1. The financial statements of J-Vac Industries, Inc., are presented as stand-alone statements in accordance with generally accepted accounting principles.

In our opinion, based on the report of the other auditors, the financial statements of J-Vac Industries, Inc., present fairly, in all material respects, its financial position, as of June 30, 2008, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Jackson County, Ohio, as of December 31, 2008, and the respective changes in modified cash financial position and the respective budgetary comparison for the General, Motor Vehicle Gasoline Tax, Corrections, Job and Family Services, and Developmental Disabilities Funds thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 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.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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



Mary Taylor, CPA
Auditor of State

December 31, 2009

Jackson County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

The discussion and analysis of Jackson County's (the County) financial performance provides an overall review of the County's financial activities for the year ended December 31, 2008. The intent of this discussion and analysis is to look at the County's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the County's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2008 are as follows:

- Net cash assets of governmental activities increased \$526,906.
- At the end of the current year, the County's governmental funds reported a combined ending fund balance of \$6,667,784, an increase of \$526,906 from the prior year.

USING THIS ANNUAL FINANCIAL REPORT

This discussion and analysis is intended to serve as an introduction to the County's modified cash financial statements. The County's financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements.

Government-Wide Financial Statements

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

The *Statement of Net Assets – Modified Cash Basis* presents information on all of the County's modified cash assets, presented as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the cash position of the County is improving or deteriorating.

The *Statement of Activities – Modified Cash Basis* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs.

Both of the government-wide financial statements identify functions of the County that are principally supported by taxes and intergovernmental receipts (governmental activities). The governmental activities of the County include legislative and executive, judicial, public safety, public works, health, human services, and economic development.

In the statement of net assets and the statement of activities, the County is divided into two types of activities:

Governmental Activities – Most of the County's programs or services are reported here, including legislative and executive, judicial, public safety, public works, health, human services, and economic development. These services are funded primarily by taxes and intergovernmental receipts, including federal and state grants and other shared revenues.

Component Units – The County's financial statements include financial data of the Jackson County Airport Authority and J-Vac Industries, Inc.. These component units are described in the notes to the financial statements. Component units are separate and may buy, sell, lease, and mortgage property in their own name and can sue or be sued in their own name.

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Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objects. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into two categories: governmental funds and fiduciary funds. Fund financial statements provide detailed information about the County's major funds. Based on the restriction on the use of moneys, the County has established many funds that account for the multitude of services provided to our residents. The County's major governmental funds are the General Fund; the Motor Vehicle Gasoline Tax, Corrections, Job and Family Services, and the Developmental Disabilities Special Revenue Funds; and the Bond Retirement Debt Service Fund.

Governmental Funds Governmental funds are used to account for essentially the same functions reported as governmental activities on the government-wide financial statements. Most of the County's basic services are reported in these funds that focus on how money flows into and out of the funds and the year end balances available for spending.

The County maintains a multitude of individual governmental funds. Information is presented separately in the governmental fund *Statement of Modified Cash Receipts, Cash Disbursements and Changes in Modified Cash Basis Fund Balances* for the major funds, which were identified earlier. Data from other governmental funds are combined into a single, aggregated presentation.

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected on the government-wide financial statements because the resources from those funds are not available to support the County's programs.

Notes to the Basic Financial Statements The notes provide additional information that is essential to a full understanding of the data provided on the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets – modified cash basis may serve over time as a useful indicator of a government's financial position. Jackson County has chosen to report on an *Other Comprehensive Basis of Accounting* in a format similar to that required by Governmental Accounting Standard No. 34. This statement requires a comparative analysis of government-wide data in the Management Discussion and Analysis (MD&A) section.

Jackson County, Ohio
Management's Discussion and Analysis
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Table 1 provides a summary of the County's net assets – modified cash basis for 2008 compared to 2007:

(Table 1)
 Net Assets - Modified Cash Basis

	Governmental Activities	
	2008	2007
Assets		
Equity in Pooled Cash and Cash Equivalents	\$4,850,299	\$4,386,835
Investments	1,817,485	1,754,043
<i>Total Assets</i>	<u>\$6,667,784</u>	<u>\$6,140,878</u>
Net Assets		
Restricted for:		
Unclaimed Monies	\$102,680	\$100,469
Other Purposes	5,233,792	4,367,129
Capital Projects	259,311	595,432
Debt Service	40,807	15,902
Unrestricted	1,031,194	1,061,946
<i>Total Net Assets</i>	<u>\$6,667,784</u>	<u>\$6,140,878</u>

A portion of the County's net assets, \$5,636,590, or 84.5 percent, represents resources that are subject to restrictions on how they can be used. The remaining balance of net assets, \$1,031,194, or 15.5 percent, is unrestricted and is to be used to meet the County's ongoing obligations to citizens and creditors.

Total governmental activities assets increased \$526,906. Cash and cash equivalents increased \$463,464 and investments increased \$63,442.

Table 2 reflects the change in net assets for the year ended December 31, 2008.

Jackson County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

(Table 2)
 Changes in Net Assets

	Governmental Activities	
	2008	2007
Revenues		
Program Revenues		
Charges for Services	\$4,380,830	\$4,277,936
Operating Grants, Contributions and Interest	14,950,790	15,865,776
Capital Grants and Contributions	398,890	538,414
<i>Total Program Revenues</i>	19,730,510	20,682,126
General Revenues		
Property Taxes	3,193,395	3,334,660
Sales Taxes	2,917,059	3,018,789
Grants and Entitlements	842,253	782,476
Interest	282,098	518,585
Note Proceeds	3,230,000	2,560,000
Proceeds from Sale of Capital Assets	0	12,580
Other	307,398	215,698
<i>Total General Revenues</i>	10,772,203	10,442,788
Total Revenues	30,502,713	31,124,914
Program Expenses		
General Government:		
Legislative and Executive	1,986,122	2,021,155
Judicial	2,354,492	2,174,841
Public Safety	4,381,756	4,068,914
Public Works	4,334,546	4,881,457
Health	2,592,241	3,463,900
Human Services	9,543,053	9,225,254
Economic Development	457,225	1,306,452
Capital Outlay	1,057,814	828,794
Debt Service:		
Principal Retirement	3,140,362	3,229,929
Interest and Fiscal Charges	128,196	146,085
<i>Total Program Expenses</i>	29,975,807	31,346,781
<i>Increase (Decrease) in Net Assets</i>	526,906	(221,867)
Net Assets at Beginning of Year	6,140,878	6,362,745
Net Assets at End of Year	\$6,667,784	\$6,140,878

Governmental Activities

Program revenues accounted for 64.7 percent of total revenues for governmental activities in 2008, therefore, governmental activities services are primarily funded through these program revenues, with operating grants accounting for \$14,950,790 or 49.0 percent of total revenues. The major recipients of these intergovernmental receipts were the Motor Vehicle and Gasoline Tax, Job and Family Services, and Developmental Disabilities Special Revenue Funds.

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General revenues, primarily property and sales taxes, and proceeds from the sale of notes, accounted for the remaining 35.3 percent of total revenues. This highlights the County's continued dependence upon its citizens and taxpayers to fund those programs most important to them.

The County's direct charges to users of governmental services made up \$4,380,830 or 14.4 percent of total governmental revenues. These charges are for fees associated with the collection of property taxes, fines and forfeitures related to judicial activity, and licenses and permits.

Human service programs accounted for \$9,543,053 or 31.8 percent of total expenses for governmental activities. During 2008, expenses for Job and Family Services and Children's Services amounted to \$7,683,690 and \$688,472, respectively. These activities are entirely paid from program revenues. These grants and entitlements allow the County to continue to offer a wide variety of quality services to its citizens without increasing the tax burden on our citizens.

Public safety programs are a major activity of the County, accounting for \$4,381,756 or 14.6 percent of all governmental expenses. These activities are funded primarily through property and sales taxes. The County attempts to supplement the income and activities of the sheriff department to enable the department to widen the scope of its activity.

Public works programs accounted for \$4,334,546 or 14.5 percent of all governmental activities. These activities are paid predominately with program revenues, with \$213,094 or 4.9 percent of the public works expenses being supported with the County's general revenues.

General government, health, economic development, capital outlay, and principal and interest expenditures account for the remaining 39.1 percent of governmental expenses.

The Statement of Activities shows the cost of program services and the charges for services, grants, contributions, and interest earnings offsetting those services. Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of those services supported by tax revenue and unrestricted state entitlements.

Table 3
 Governmental Activities

	Total Cost of Services 2008	Net Cost of Services 2008	Total Cost of Services 2007	Net Cost of Services 2007
Program Expenses				
General Government:				
Legislative and Executive	\$1,986,122	\$761,999	\$2,021,155	\$737,541
Judicial	2,354,492	1,202,824	2,174,841	1,113,177
Public Safety	4,381,756	3,584,467	4,068,914	3,446,166
Public Works	4,334,546	213,094	4,881,457	178,496
Health	2,592,241	783,356	3,463,900	1,001,331
Human Services	9,543,053	(58,069)	9,225,254	556,441
Economic Development	457,225	170,060	1,306,452	139,072
Capital Outlay	1,057,814	319,008	828,794	116,417
Debt Service:				
Principal Retirement	3,140,362	3,140,362	3,229,929	3,229,929
Interest and Fiscal Charges	128,196	128,196	146,085	146,085
<i>Total</i>	<u>\$29,975,807</u>	<u>\$10,245,297</u>	<u>\$31,346,781</u>	<u>\$10,664,655</u>

Jackson County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
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Charges for services, operating grants, and capital grants of \$19,730,510 or 65.8 percent of the total costs of services, are received and used to fund the governmental operations of the County. The remaining \$10,245,297 in governmental expenses are funded by property taxes, permissive sales taxes, unrestricted intergovernmental revenues, interest, note proceeds, and miscellaneous revenues.

For example, the \$783,356 in net cost of services for Health demonstrates the costs of services that are not supported by state and federal resources. As such, the taxpayers of the County have approved a property tax levy for Developmental Disabilities in order to fully fund this program.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the County's net resources available for spending at the end of the year.

As of December 31, 2008, the County's governmental funds reported a combined ending fund balance of \$6,667,784, an increase of \$526,906 in comparison with the prior year. Approximately \$6,543,999, or 98.1 percent of this total, constitutes unreserved undesignated fund balance. The remaining \$123,785 of fund balance is reserved to indicate that it is not available for new spending because it has already been committed for unclaimed monies and encumbrances. While the bulk of governmental fund balances are not reserved in the governmental fund statements, they lead to restricted net assets on the Statement of Net Assets due to expenditure restrictions mandated by the source of the resource, such as the state or federal government.

The General Fund is the primary operating fund of the County. At the end of 2008, unreserved fund balance was \$1,010,089, while total fund balance was \$1,133,874. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 17.2 percent of total General Fund expenditures, while total fund balance represents 19.3 percent of that same amount.

The fund balance of the County's General Fund decreased \$28,541 during 2008.

The fund balance of the Motor Vehicle and Gasoline Tax Special Revenue Fund increased \$286,418, attributable to decreases in capital and debt service expenditures. The Motor Vehicle and Gasoline Tax Fund's unreserved fund balance of \$629,200 represented 16.3 percent of current year expenditures.

The Corrections Special Revenue Fund's balance decreased \$30,988 during 2008. The Corrections Special Revenue Fund's unreserved undesignated fund balance of \$715,789 represented 38.6 percent of current year expenditures.

The fund balance of the Job and Family Services Special Revenue Fund increased \$153,226. The Job and Family Services Special Revenue Fund's unreserved undesignated fund balance of \$397,054 represented 5.2 percent of current year expenditures.

The fund balance of the Developmental Disabilities Special Revenue Fund increased \$383,482. The Developmental Disabilities Special Revenue Fund's unreserved undesignated fund balance of \$1,032,672 represented 53.4 percent of current year expenditures.

The fund balance of the Bond Retirement Debt Service Fund increased \$24,905. The Bond Retirement Debt Service Fund's unreserved undesignated fund balance of \$40,807 represented 1.3 percent of current year expenditures.

Jackson County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

BUDGETARY HIGHLIGHTS

The County's budget is prepared according to Ohio Law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Board of County Commissioners adopts a permanent operating budget for the County on or about January 1.

During the course of 2008, the County amended its General Fund budget several times, none were significant. All recommendations for a budget change came from either the County Auditor or departmental managers to the Finance Committee of the County Commissioners for review before going to the whole Commission for Ordinance enactment on the change. The allocation of appropriations among the departments and objects within a fund may be modified during the year with approval from the County Commissioners. With the General Fund supporting many of our major activities such as our sheriff department, as well as most legislative and executive activities, the General Fund is monitored closely looking for possible revenue shortfalls or overspending by individual departments.

For the General Fund, an increase of \$878,988 was made to the original budgeted revenues. Final budgeted expenditures increased \$229,319 over the original amount. Jackson County's ending unencumbered cash balance in the General Fund was \$21,003 above the final budgeted amount.

CURRENT ISSUES

As the preceding information shows, the County depends heavily on its taxpayers and grants and entitlements. Stress on the County's finances is ongoing. Although the County has tightened spending to better bring expenses in line with revenues, and carefully watched financial planning, this must continue if the County hopes to remain on firm financial footing.

Various economic factors were considered in the preparation of the County's 2008 budget, and will be considered in the preparation of future budgets. Appropriate measures will be taken to ensure spending is within available resources.

CONTACTING THE COUNTY AUDITOR'S DEPARTMENT

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Clyde Holdren, Jackson County Auditor, 226 East Main Street, Jackson, Ohio 45640.

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Jackson County, Ohio
*Statement of Net Assets - Modified Cash Basis, Primary Government and
 Jackson County Airport Authority*
 December 31, 2008

	<u>Primary Government</u>	<u>Component Unit</u>
	<u>Governmental</u>	<u>Jackson County</u>
	<u>Activities</u>	<u>Airport</u>
		<u>Authority</u>
Assets		
Equity in Pooled Cash and Cash Equivalents	\$4,850,299	\$23,185
Investments	1,817,485	0
<i>Total Assets</i>	<u>\$6,667,784</u>	<u>\$23,185</u>
Net Assets		
Restricted for:		
Unclaimed Monies	\$102,680	\$0
Other Purposes	5,233,792	0
Capital Projects	259,311	0
Debt Service	40,807	0
Unrestricted	1,031,194	23,185
<i>Total Net Assets</i>	<u>\$6,667,784</u>	<u>\$23,185</u>

See accompanying notes to the basic financial statements

Jackson County, Ohio
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2007

	Program Revenues				Total	Component Unit
	Expenses	Charges for Services	Operating Grants, Contributions and Interest	Capital Grants and Contributions		Jackson County Airport Authority
Governmental Activities:						
General Government:						
Legislative and Executive	\$1,986,122	\$1,120,249	\$47,975	\$55,899	(\$761,999)	\$0
Judicial	2,354,492	1,022,530	129,138	0	(1,202,824)	0
Public Safety	4,381,756	309,203	488,086	0	(3,584,467)	0
Public Works	4,334,546	488,691	3,632,761	0	(213,094)	0
Health	2,592,241	184,211	1,624,674	0	(783,356)	0
Human Services	9,543,053	810,019	8,791,103	0	58,069	0
Economic Development	457,225	50,112	237,053	0	(170,060)	0
Capital Outlay	1,057,814	395,815	0	342,991	(319,008)	0
Debt Service:						
Principal Retirement	3,140,362	0	0	0	(3,140,362)	0
Interest and Fiscal Charges	128,196	0	0	0	(128,196)	0
<i>Total Governmental Activities</i>	<u>\$29,975,807</u>	<u>\$4,380,830</u>	<u>\$14,950,790</u>	<u>\$398,890</u>	<u>(10,245,297)</u>	<u>0</u>
Component Unit:						
Jackson County Airport Authority	<u>\$430,339</u>	<u>\$170,111</u>	<u>\$0</u>	<u>\$93,123</u>	<u>0</u>	<u>(167,105)</u>
General Revenues						
Property Taxes Levied for:						
General Purposes					1,290,561	0
Other Purposes					1,902,834	0
Sales Taxes Levied for:						
General Purposes					1,458,554	0
Other Purposes					1,458,505	0
Grants and Entitlements not Restricted to Specific Programs					842,253	0
Interest					282,098	0
Note Proceeds					3,230,000	0
Miscellaneous					307,398	0
<i>Total General Revenues</i>					<u>10,772,203</u>	<u>0</u>
<i>Change in Net Assets</i>					526,906	(167,105)
<i>Net Assets at Beginning of Year</i>					<u>6,140,878</u>	<u>190,290</u>
<i>Net Assets at End of Year</i>					<u>\$6,667,784</u>	<u>\$23,185</u>

See accompanying notes to the basic financial statements

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Jackson County, Ohio
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2008

	General	Motor Vehicle Gasoline Tax	Corrections	Job and Family Services
Assets				
Equity in Pooled Cash and Cash Equivalents	\$704,785	\$451,144	\$520,681	\$288,825
Restricted Cash and Cash Equivalents	102,680	0	0	0
Cash and Cash Equivalents in Segregated Accounts	17,341	6,550	0	0
Investments	309,068	171,506	195,108	108,229
<i>Total Assets</i>	<u>\$1,133,874</u>	<u>\$629,200</u>	<u>\$715,789</u>	<u>\$397,054</u>
Fund Balances				
Reserved for Encumbrances	\$21,105	\$0	\$0	\$0
Reserved for Unclaimed Monies	102,680	0	0	0
Unreserved, Undesignated, Reported in:				
General Fund	1,010,089	0	0	0
Special Revenue Funds	0	629,200	715,789	397,054
Debt Service Funds	0	0	0	0
Capital Projects Fund	0	0	0	0
<i>Total Fund Balances</i>	<u>\$1,133,874</u>	<u>\$629,200</u>	<u>\$715,789</u>	<u>\$397,054</u>

See accompanying notes to the basic financial statements

Developmental Disabilities	Bond Retirement	Other Governmental Funds	Total Governmental Funds
\$627,352	\$29,684	\$1,977,418	\$4,599,889
0	0	0	102,680
123,839	0	0	147,730
281,481	11,123	740,970	1,817,485
<u>\$1,032,672</u>	<u>\$40,807</u>	<u>\$2,718,388</u>	<u>\$6,667,784</u>
\$0	\$0	\$0	\$21,105
0	0	0	102,680
0	0	0	1,010,089
1,032,672	0	2,459,077	5,233,792
0	40,807	0	40,807
0	0	259,311	259,311
<u>\$1,032,672</u>	<u>\$40,807</u>	<u>\$2,718,388</u>	<u>\$6,667,784</u>

Jackson County, Ohio
*Statement of Modified Cash Receipts, Cash Disbursements and
 Changes in Modified Cash Basis Fund Balances
 Governmental Funds
 For the Year Ended December 31, 2008*

	General	Motor Vehicle Gasoline Tax	Corrections	Job and Family Services	Developmental Disabilities
Revenues					
Property Taxes	\$1,290,561	\$0	\$0	\$0	\$835,455
Sales Taxes	1,458,554	0	1,458,505	0	0
Intergovernmental	974,216	3,632,761	122,543	7,536,126	1,304,099
Charges for Services	979,399	390,311	113,097	300,325	116,534
Fines, Licenses, and Permits	376,815	96,858	124,826	0	0
Rent	198,000	0	0	0	0
Loan Revenue	0	0	0	0	0
Donations	0	0	0	0	4,553
Investment Income	282,098	0	0	0	35,465
Other	232,521	26,088	6,023	465	22,165
<i>Total Revenues</i>	<u>5,792,164</u>	<u>4,146,018</u>	<u>1,824,994</u>	<u>7,836,916</u>	<u>2,318,271</u>
Expenditures					
Current:					
General Government:					
Legislative and Executive	1,652,750	0	0	0	0
Judicial	1,757,927	0	0	0	0
Public Safety	1,271,880	0	1,855,982	0	0
Public Works	465,680	3,868,866	0	0	0
Health	232,427	0	0	0	1,934,789
Human Services	488,546	0	0	7,683,690	0
Economic Development	0	0	0	0	0
Capital Outlay	0	0	0	0	0
Debt Service:					
Principal Retirement	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0
<i>Total Expenditures</i>	<u>5,869,210</u>	<u>3,868,866</u>	<u>1,855,982</u>	<u>7,683,690</u>	<u>1,934,789</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(77,046)</u>	<u>277,152</u>	<u>(30,988)</u>	<u>153,226</u>	<u>383,482</u>
Other Financing Sources (Uses)					
Proceeds of Notes	1,301,040	548,000	0	0	0
Advances In	12,000	0	0	0	0
Transfers In	91,157	10,000	0	0	0
Advances Out	0	0	0	0	0
Transfers Out	(1,355,692)	(548,734)	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>48,505</u>	<u>9,266</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>(28,541)</u>	<u>286,418</u>	<u>(30,988)</u>	<u>153,226</u>	<u>383,482</u>
<i>Fund Balances at Beginning of Year - Restated (See Note 3)</i>	<u>1,162,415</u>	<u>342,782</u>	<u>746,777</u>	<u>243,828</u>	<u>649,190</u>
<i>Fund Balances at End of Year</i>	<u>\$1,133,874</u>	<u>\$629,200</u>	<u>\$715,789</u>	<u>\$397,054</u>	<u>\$1,032,672</u>

See accompanying notes to the basic financial statements

Bond Retirement	Other Governmental Funds	Total Governmental Funds
\$0	\$1,067,379	\$3,193,395
0	0	2,917,059
0	2,409,346	15,979,091
0	809,930	2,709,596
0	819,913	1,418,412
0	4,710	202,710
0	50,112	50,112
0	84,777	89,330
564	31,584	349,711
56,270	19,765	363,297
<u>56,834</u>	<u>5,297,516</u>	<u>27,272,713</u>
0	333,372	1,986,122
0	596,565	2,354,492
0	1,253,894	4,381,756
0	0	4,334,546
0	425,025	2,592,241
0	1,370,817	9,543,053
0	457,225	457,225
0	1,057,814	1,057,814
3,140,362	0	3,140,362
128,196	0	128,196
<u>3,268,558</u>	<u>5,494,712</u>	<u>29,975,807</u>
<u>(3,211,724)</u>	<u>(197,196)</u>	<u>(2,703,094)</u>
0	1,380,960	3,230,000
0	0	12,000
3,236,629	62,600	3,400,386
0	(12,000)	(12,000)
0	(1,495,960)	(3,400,386)
<u>3,236,629</u>	<u>(64,400)</u>	<u>3,230,000</u>
24,905	(261,596)	526,906
<u>15,902</u>	<u>2,979,984</u>	<u>6,140,878</u>
<u>\$40,807</u>	<u>\$2,718,388</u>	<u>\$6,667,784</u>

Jackson County, Ohio
*Statement of Cash Receipts, Cash Disbursements, and Changes
in Cash Basis Fund Balance - Budget and Actual (Budget Basis)*
General Fund
For the Year Ended December 31, 2008

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property Taxes	\$1,080,681	\$1,261,024	\$1,290,561	\$29,537
Sales Taxes	1,247,841	1,456,079	1,458,554	2,475
Intergovernmental	833,542	972,643	974,216	1,573
Charges for Services	847,141	988,511	979,399	(9,112)
Fines, Licenses, and Permits	301,095	351,341	376,815	25,474
Rent	169,398	197,667	198,000	333
Investment Income	265,388	309,676	282,098	(27,578)
Other	198,653	231,804	232,521	717
<i>Total Revenues</i>	<u>4,943,739</u>	<u>5,768,745</u>	<u>5,792,164</u>	<u>23,419</u>
Expenditures				
Current:				
General Government:				
Legislative and Executive	2,375,670	1,665,736	1,665,736	0
Judicial	1,220,992	1,762,534	1,762,534	0
Public Safety	1,038,965	1,272,180	1,272,180	0
Public Works	374,290	465,680	465,680	0
Health	182,361	232,427	232,427	0
Human Services	468,718	491,758	491,758	0
<i>Total Expenditures</i>	<u>5,660,996</u>	<u>5,890,315</u>	<u>5,890,315</u>	<u>0</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(717,257)</u>	<u>(121,570)</u>	<u>(98,151)</u>	<u>23,419</u>
Other Financing Sources (Uses)				
Proceeds of Notes	299,945	350,000	1,301,040	951,040
Proceeds from Sale of Capital Assets	11,314	0	0	0
Advances In	10,284	12,000	12,000	0
Transfers In	81,048	94,573	91,157	(3,416)
Transfers Out	(405,652)	(405,652)	(1,355,692)	(950,040)
<i>Total Other Financing Sources (Uses)</i>	<u>(3,061)</u>	<u>50,921</u>	<u>48,505</u>	<u>(2,416)</u>
<i>Net Change in Fund Balance</i>	<u>(720,318)</u>	<u>(70,649)</u>	<u>(49,646)</u>	<u>21,003</u>
<i>Fund Balance at Beginning of Year</i>	1,130,767	1,130,767	1,130,767	0
<i>Prior Year Encumbrances Appropriated</i>	<u>31,648</u>	<u>31,648</u>	<u>31,648</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$442,097</u>	<u>\$1,091,766</u>	<u>\$1,112,769</u>	<u>\$21,003</u>

See accompanying notes to the basic financial statements

Jackson County, Ohio
*Statement of Cash Receipts, Cash Disbursements, and Changes
in Cash Basis Fund Balance - Budget and Actual (Budget Basis)*
Motor Vehicle Gasoline Tax Fund
For the Year Ended December 31, 2008

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$3,709,827	\$3,628,567	\$3,632,761	\$4,194
Charges for Services	398,590	389,860	390,311	451
Fines, Licenses, and Permits	98,913	96,746	96,858	112
Other	<u>26,642</u>	<u>26,058</u>	<u>26,088</u>	<u>30</u>
<i>Total Revenues</i>	<u>4,233,972</u>	<u>4,141,231</u>	<u>4,146,018</u>	<u>4,787</u>
Expenditures				
Current:				
Public Works	<u>3,913,659</u>	<u>3,868,866</u>	<u>3,868,866</u>	<u>0</u>
<i>Excess of Revenues Under Expenditures</i>	<u>320,313</u>	<u>272,365</u>	<u>277,152</u>	<u>4,787</u>
Other Financing Sources (Uses)				
Proceeds of Notes	86,904	85,000	548,000	463,000
Transfers In	10,224	10,000	10,000	0
Transfers Out	<u>(469,104)</u>	<u>(85,734)</u>	<u>(548,734)</u>	<u>(463,000)</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(371,976)</u>	<u>9,266</u>	<u>9,266</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(51,663)	281,631	286,418	4,787
<i>Fund Balance at Beginning of Year</i>	<u>342,782</u>	<u>342,782</u>	<u>342,782</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$291,119</u></u>	<u><u>\$624,413</u></u>	<u><u>\$629,200</u></u>	<u><u>\$4,787</u></u>

See accompanying notes to the basic financial statements

Jackson County, Ohio
*Statement of Cash Receipts, Cash Disbursements, and Changes
in Cash Basis Fund Balance - Budget and Actual (Budget Basis)*
Corrections Fund
For the Year Ended December 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Sales Taxes	\$1,233,088	\$1,458,505	\$1,458,505	\$0
Intergovernmental	103,603	122,543	122,543	0
Charges for Services	95,617	113,097	113,097	0
Fines, Licenses, and Permits	97,087	114,835	124,826	9,991
Other	<u>5,092</u>	<u>6,023</u>	<u>6,023</u>	<u>0</u>
<i>Total Revenues</i>	<u>1,534,487</u>	<u>1,815,003</u>	<u>1,824,994</u>	<u>9,991</u>
Expenditures				
Current:				
Public Safety	<u>1,744,800</u>	<u>1,855,982</u>	<u>1,855,982</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(210,313)	(40,979)	(30,988)	9,991
<i>Fund Balance at Beginning of Year</i>	<u>746,777</u>	<u>746,777</u>	<u>746,777</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$536,464</u></u>	<u><u>\$705,798</u></u>	<u><u>\$715,789</u></u>	<u><u>\$9,991</u></u>

See accompanying notes to the basic financial statements

Jackson County, Ohio
*Statement of Cash Receipts, Cash Disbursements, and Changes
in Cash Basis Fund Balance - Budget and Actual (Budget Basis)
Job and Family Services Fund
For the Year Ended December 31, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$7,143,095	\$7,534,474	\$7,536,126	\$1,652
Charges for Services	284,725	300,325	300,325	0
Other	427	450	465	15
<i>Total Revenues</i>	7,428,247	7,835,249	7,836,916	1,667
Expenditures				
Current:				
Human Services	7,418,632	7,683,690	7,683,690	0
<i>Net Change in Fund Balance</i>	9,615	151,559	153,226	1,667
<i>Fund Balance at Beginning of Year</i>	243,828	243,828	243,828	0
<i>Fund Balance (Deficit) at End of Year</i>	\$253,443	\$395,387	\$397,054	\$1,667

See accompanying notes to the basic financial statements

Jackson County, Ohio
*Statement of Cash Receipts, Cash Disbursements, and Changes
in Cash Basis Fund Balance - Budget and Actual (Budget Basis)
Developmental Disabilities Fund
For the Year Ended December 31, 2008*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property Taxes	\$685,434	\$820,319	\$835,455	\$15,136
Intergovernmental	1,202,969	1,439,698	1,420,633	(19,065)
Donations	3,804	4,553	4,553	0
Investment Income	0	0	35,465	35,465
Other	18,520	22,165	22,165	0
<i>Total Revenues</i>	<u>1,910,727</u>	<u>2,286,735</u>	<u>2,318,271</u>	<u>31,536</u>
Expenditures				
Current:				
Health	1,999,447	1,934,789	1,934,789	0
<i>Excess of Revenues Under Expenditures</i>	<u>(88,720)</u>	<u>351,946</u>	<u>383,482</u>	<u>31,536</u>
Other Financing Sources				
Transfers In	41,779	50,000	0	(50,000)
<i>Net Change in Fund Balance</i>	(46,941)	401,946	383,482	(18,464)
<i>Fund Balance at Beginning of Year</i>	<u>649,190</u>	<u>649,190</u>	<u>649,190</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$602,249</u>	<u>\$1,051,136</u>	<u>\$1,032,672</u>	<u>(\$18,464)</u>

See accompanying notes to the basic financial statements

Jackson County, Ohio
Statement of Fiduciary Net Assets - Modified Cash Basis
Agency Fund
December 31, 2008

Assets

Equity in Pooled Cash and Cash Equivalents	\$977,261
Cash and Cash Equivalents in Segregated Accounts	<u>743,903</u>

<i>Total Assets</i>	<u><u>\$1,721,164</u></u>
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Net Assets

Total Net Assets	<u><u>\$1,721,164</u></u>
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See accompanying notes to the basic financial statements

J-Vac Industries, Inc.
Statement of Financial Position
For the Fiscal Year Ended June 30, 2008

	<u>J-Vac Industries, Inc.</u>
Assets	
Current Assets	
Cash and Cash Equivalents	\$19,258
Accounts Receivable	3,667
Inventory	<u>1,200</u>
<i>Total Current Assets</i>	<u>24,125</u>
Net Property and Equipment	<u>598</u>
Other Assets	
Other Assets	<u>209</u>
<i>Total Assets</i>	<u><u>\$24,932</u></u>
Liabilities	
Current Liabilities	
Withheld and Accrued Payroll Taxes	\$2,720
Current Portion of Long-Term Debt	<u>13,449</u>
<i>Total Liabilities</i>	<u>16,169</u>
Net Assets	
Unrestricted	<u>8,763</u>
<i>Total Liabilities and Net Assets</i>	<u><u>\$24,932</u></u>

See accompanying notes to the basic financial statements

J-Vac Industries, Inc.
Statement of Activities
For the Fiscal Year Ended June 30, 2008

	<u>J-Vac Industries, Inc.</u>
Unrestricted Net Assets	
Sales and Services	\$41,039
Contributions	7,870
Gain on Disposal of Assets	<u>567</u>
<i>Total Unrestricted Net Assets</i>	<u>49,476</u>
Expenses	
Program Services	40,623
Management and General	<u>2,476</u>
<i>Total Expenses</i>	<u>43,099</u>
<i>Decrease in Unrestricted Net Assets</i>	6,377
<i>Net Assets at Beginning of Year</i>	<u>2,386</u>
<i>Net Assets at End of Year</i>	<u><u>\$8,763</u></u>

See accompanying notes to the basic financial statements

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Jackson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Note 1 – Description of the County and Reporting Entity

Jackson County, Ohio (the “County”), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and the laws of the State of Ohio. The County is governed by a board of three County Commissioners elected by the voters of the County. An elected County Auditor serves as the chief fiscal officer. In addition, there are ten other elected administrative officials. These officials are: County Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, and the Common Pleas/Probate, Juvenile, and Municipal Court Judges.

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

The financial reporting entity consists of the primary government, component units, and other governmental organizations included to ensure that the financial statements are not misleading.

A. Primary Government

The primary government of the County consists of all funds, departments, boards, and agencies that are not legally separate from the County. For the County, this includes the Board of Developmental Disabilities, Children Services Board, and all departments and activities that are directly operated by the elected County Officials.

B. Component Units

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

Discretely Presented Component Units

The component unit column on the financial statements identifies the financial data of the Jackson County Airport Authority while the financial data of J-Vac Industries, Inc., is reported on its own financial statements. The component units are reported separately to emphasize that they are legally separate from the County. Information about these component units is presented in Note 22 to the basic financial statements.

Jackson County Airport Authority The Jackson County Airport Authority (the Authority) was created by resolution of the County Commissioners under Ohio Revised Code Section 308.01. The purpose of the Authority is for the acquisition, construction, operation and maintenance of the airport and its facilities in Jackson County. The Authority operates under the direction of a three-member Board of Trustees, appointed by the County Commissioners. A Secretary-Treasurer is responsible for the fiscal accounting of the resources of the Authority. Services provided by the Authority include the means by which to aid the safe taking off and landing of aircraft, storage and maintenance of aircraft, and the safe and efficient operation of the airport. The Authority is considered to be a component unit of Jackson County and is discretely presented. The nature and significance of the relationship between the County and the Authority is such that exclusion would cause the County’s financial statements to be misleading. The Authority operates on a fiscal year ending on December 31.

Jackson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

J-Vac Industries, Inc. J-Vac Industries, Inc. (the Workshop), is a legally separate, not-for-profit corporation, served by a self-appointing Board of Trustees. The program is under a contractual agreement with the Jackson County Board of Developmental Disabilities (DD) to provide sheltered employment for mentally retarded or handicapped adults in the County. DD provides the Workshop with staff salaries, transportation, equipment (except that used directly in the production of goods or rendering of services), staff to administer and supervise training programs, and other funds as necessary for the operation of the Workshop. Based on the significant services and resources provided by the County to the Workshop and the sole purpose of the Workshop to provide assistance to retarded and handicapped adults of the County, the Workshop is considered to be a component unit of Jackson County. The nature and significance of the relationship between the County and the Workshop is such that exclusion would cause the County's financial statements to be misleading or incomplete. The Workshop operates on a fiscal year ending June 30. Separately audited statements for the Workshop are available from Kay Spradlin, Chief Fiscal Officer, J-Vac Industries, Inc., 202 South Pennsylvania Avenue, Wellston, Ohio 45692.

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

Jackson County Combined General Health District The District is governed by the Board of Health which oversees the operation of the District and is elected by a Regional Advisory Council comprised of township trustees, mayors of participating municipalities, and one County Commissioner. The District adopts its own budget and operates autonomously from the County. Funding is based on a rate per taxable valuation, along with State and Federal grants applied for by the District.

Jackson County Soil and Water Conservation District The Soil and Water Conservation District is statutorily created as a separate and distinct political subdivision of the State. The five supervisors of the Soil and Water Conservation District are elected officials authorized to conduct and sue on behalf of the District. The supervisors adopt their own budget, authorize District expenditures, hire and fire staff, and do not rely on the County to finance deficits.

Joint Venture

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) and ongoing financial responsibility. Under the modified cash basis of accounting, the County does not report assets for equity interests in joint ventures.

The County participates in several jointly governed organizations, a joint venture and public entity risk pools. These organizations are presented in Notes 16, 17, and 18 to the Basic Financial Statements. The organizations are:

Gallia, Jackson, Meigs, Vinton Solid Waste Management District
Gallia, Jackson, and Meigs Board of Alcohol, Drug Addiction, and Mental Health Services
Southeast Ohio Emergency Medical Services District
Jackson-Vinton Community Action Agency
Ohio Valley Regional Development Commission
Gallia-Jackson Child Abuse and Neglect Advisory Board
South Central Ohio Regional Juvenile Detention Center

Jackson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Southern Ohio Council of Governments
Ohio Valley Resource and Developmental Area, Inc.
Buckeye Joint-County Self-Insurance Council
County Commissioners Association of Ohio Workers' Compensation Group Rating Plan

The County's management believes these financial statements present all activities for which the County is financially accountable.

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a modified cash basis of accounting. The modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). General accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the County's accounting policies.

A. Basis of Presentation

The County's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except fiduciary funds.

The statement of net assets presents the cash balance of the governmental activities of the County at year end. The statement of activities compares disbursements and program receipts for each program or function of the County's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the County is responsible. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program.

Receipts which are not classified as program receipts are presented as general receipts of the County, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program is self-financing or draws from the general receipts of the County.

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

Jackson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

B. Fund Accounting

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

Governmental Funds Governmental funds are those through which most governmental functions of the County are financed. The following are the County's major governmental funds:

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

Motor Vehicle Gasoline Tax Special Revenue Fund The Motor Vehicle Gasoline Tax Special Revenue Fund accounts for revenue derived from motor vehicle licenses, gasoline taxes, grants, permissive license sales taxes, and interest. Expenditures in this fund are restricted by State law to County road and bridge repair/improvement programs.

Corrections Special Revenue Fund This Corrections Special Revenue Fund accounts for several funds related to corrections activities including jail operations, drug law enforcement, victims assistance, and house arrest operations. Revenues arise from fines and forfeitures, as well as, charges for services rendered to the users of the County's Correctional Facilities.

Job and Family Services Special Revenue Fund The Job and Family Services Special Revenue Fund accounts for various State and Federal grants used to provide public assistance to general relief recipients and to pay their providers of medical assistance and certain public social services.

Developmental Disabilities Special Revenue Fund The Developmental Disabilities Special Revenue Fund accounts for various State and Federal grants as well as property tax collections used to provide assistance to Jackson County residents that are mentally retarded or suffer from developmental disabilities.

Bond Retirement Debt Service Fund The Bond Retirement Debt Service Fund accounts for the accumulation of resources for, and the payment of, debt principal, interest, and related costs.

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

Proprietary Funds The County classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise or internal service; the County has no proprietary funds.

Fiduciary Funds Fiduciary fund reporting focuses on net assets and changes in net assets. There are four categories of fiduciary funds: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the County under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the County's own programs. The County did not have any trust funds in 2008. Agency funds are purely custodial in nature and are used to account for assets held by the County as agent for the Board of Health and other districts and entities and various taxes, assessments, and state shared resources collected on behalf of and distributed to other local governments.

Jackson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

C. Basis of Accounting

The County's financial statements are prepared using the modified cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the County's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the County are described in the appropriate section in this note.

As a result of this use of the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the County Commissioners may appropriate. The appropriation resolution is the County Commissioners' authorization to spend resources and set annual limits on cash disbursements plus encumbrances at a level of control selected by the County Commissioners. The legal level of control has been established by the County Commissioners at the fund, department, and object level for all funds.

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

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

E. Cash and Cash Equivalents

To improve cash management, cash received by the County is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the County's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Cash and cash equivalents that are held separately within the departments of the County are recorded as "Cash and Cash Equivalents in Segregated Accounts".

Cash and cash equivalents of J-Vac Industries, Inc. and the Airport Authority are held by the component units and are recorded as "Cash and Cash Equivalents".

Jackson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity or more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not reported as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2008, the County invested in nonnegotiable certificates of deposit, federal agency securities, a money market fund, and STAROhio. Investments are reported at cost, except for the money market fund and STAR Ohio. The County's money market fund investment is recorded at the amount reported by Seasongood Asset Management at December 31, 2008. STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2008.

Investment procedures are restricted by the provisions of the Ohio Revised Code, grant requirements, or debt related restrictions. Interest is credited to the General Fund, the Motor Vehicle Gasoline Tax, Developmental Disabilities, Community Development Block Grant, and the Certificate of Title Administration Special Revenue Funds, and the Bond Retirement Debt Service Fund. Interest revenue credited to the General Fund during 2008 amounted to \$282,098, which includes \$249,798 assigned from other County funds.

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by the creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Unclaimed monies that are required to be held for five years before they may be utilized by the County are reported as restricted.

G. Inventory and Prepaid Items

The County reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

I. Interfund Receivables/Payables

The County reports advances in and advances out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

J. Internal Activity

Transfers within governmental activities are eliminated on the government-wide statements. Internal allocations of overhead expenses from one program to another or within the same program are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

Jackson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

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

K. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the County's modified cash basis of accounting.

L. Employer Contributions to Cost-Sharing Pension Plans

The County recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 10 and 11, the employer contributions include portions for pension benefits and for postretirement health care benefits.

M. Long-Term Obligations

The County's modified cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid.

N. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Net assets restricted for other purposes primarily include activities involving the upkeep of the County's roads and bridges, various mental health services, child support and welfare services, services for the handicapped and mentally retarded, and activities of the County's courts. The County's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available. The government-wide statement of net assets reports \$5,636,590 of restricted net assets, none of which is restricted by enabling legislation.

O. Fund Balance Reserves

The County reserves any portion of fund balances which is not available for appropriation or which is legally segregated for specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for unclaimed monies and encumbrances. By law, the County may not appropriate unclaimed monies until the money has remained unclaimed for five years.

Note 3 – Restatement of Fund Balance

In previous years, the Corrections Special Revenue Fund and the Courts Special Revenue were combined into a Courts/Corrections Special Revenue Fund. For 2008, the County split this fund into two funds with the Courts Special Revenue Fund now being included in the Other Governmental Funds column.

Jackson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

This has resulted in the following changes to the fund balances:

	Court/ Corrections Fund	Corrections Fund	Other Governmental Funds	Totals
Fund Balances at December 31, 2007	\$935,131	\$0	\$2,791,630	\$3,726,761
Restatement	(935,131)	746,777	188,354	0
Restated Fund Balances at December 31, 2007	\$0	\$746,777	\$2,979,984	\$3,726,761

Note 4 – Accountability and 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. However, the County prepared its financial statements on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United State of America. The accompanying financial statements omit assets, liabilities, net assets/fund balances, and disclosures that, while material, cannot be determined at this time. The County can be fined and various other administrative remedies may be taken against the County.

Note 5 - Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Cash Receipts, Cash Disbursements and Changes in Cash Basis Fund Balance – Budget and Actual (Budget Basis) presented for the General Fund and each major special revenue fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the modified cash basis are outstanding year end encumbrances. These are treated as expenditures (budgetary basis) rather than as a reservation of fund balance (modified cash basis) (outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (modified cash basis)). The encumbrances outstanding at year end (budgetary basis) amounted to:

General Fund	\$21,105
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Note 6 – Deposits and Investments

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

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the County Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts. Inactive deposits are public deposits that the County Commissioners have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

Jackson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) above;
7. The State Treasurer's investment pool (STAROhio); and,
8. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 25 percent of the interim monies available for investment at any one time.

The County may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons; and
3. Obligations of the County.

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. Historically, the County has not purchased these types of investments or issued these types of notes. 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.

Jackson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

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

Cash on Hand At year end, the County had \$27,157 in undeposited cash on hand which is included as a part of "Equity in Pooled Cash and Cash Equivalents".

Deposits Custodial credit risk for deposits is the risk that in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, the carrying value of the County's deposits was \$6,544,306 and the bank balance was \$6,950,757. Of the bank balance \$3,224,247 was covered by Federal depository insurance and \$3,726,510 was exposed to custodial credit risk because it was uninsured and uncollateralized. This does not include \$123,839 in segregated cash which is held by SOCOG which cannot be disclosed by risk because it is co-mingled with other Counties' monies.

The County has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the County or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments Investments are reported at fair value. As of December 31, 2008, the County had the following investments:

	Fair Value	Percentage of Portfolio	Maturity
Money Market Mutual Funds	\$59,739	3.22%	1 day
Federal Home Loan Bank Notes	100,192	5.40%	February 2, 2009
Federal Home Loan Bank Notes	100,252	5.41%	February 20, 2009
Federal Home Loan Bank Notes	149,388	8.06%	October 29, 2009
Federal National Mortgage Association Notes	139,765	7.54%	April 20, 2009
Federal National Mortgage Association Notes	174,069	9.39%	April 9, 2009
Federal Home Loan Banks Discount Note	97,088	5.24%	June 19, 2009
Federal Home Loan Mortgage Corporation Discount Notes	97,072	5.24%	January 5, 2009
Federal Home Loan Mortgage Corporation Discount Notes	146,930	7.92%	March 30, 2009
Federal National Mortgage Association Discount Notes	176,713	9.53%	June 8, 2009
Federal National Mortgage Association Discount Notes	147,096	7.93%	June 25, 2009
Federal National Mortgage Association Discount Notes	197,400	10.65%	July 16, 2009
Federal National Mortgage Association Discount Notes	196,938	10.62%	November 2, 2009
StarOhio	34,843	1.88%	Average 54.7 days
Totals	\$1,817,485	98.03%	

Jackson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Interest Rate Risk The County does not have an investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the County, and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk STAROhio carries a rating of AAA by Standard and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The County has no investment policy that would further limit its investment choices. The Federal Home Loan Bank and Federal Home Loan Mortgage Securities carry a rating of AAA by Standard and Poor's.

Concentration of Credit Risk is defined by the Governmental Accounting Standards Board as having five percent or more invested in the securities of a single issuer. The County's investment policy places no limit on the amount it may invest in any one issuer.

Note 7 – Permissive Sales and Use Tax

The County Commissioners, by resolution, imposed a one percent tax on all retail sales made in the County, except sales of motor vehicles, and on the storage, use, or consumption of all tangible personal property in the County, including motor vehicles, not subject to the sales tax. The sales tax is allocated fifty percent to the County's General Fund and fifty percent to the Sales Tax Trust Agency Fund, from which the proceeds are distributed to the various taxing districts within the County for use on community improvement projects. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies the amount of the tax to be returned to the County to the Office of Budget and Management. The Tax Commissioner's certification must be made within forty-five days after the end of each month. The Office of Budget and Management then has five days in which to draw the warrant payable to the County.

Note 8 – Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the County. Property tax receipts received during 2008 for real and public utility property taxes represent collections of 2007 taxes. Real property taxes received during 2008 for tangible personal property (other than public utility property) are for 2008 taxes.

2008 real property taxes are levied after October 1, 2008, on assessed value as of January 1, 2008, the lien date. Assessed values are established by State law at thirty-five percent of the appraised market value. 2008 real property taxes are collected in and intended to finance 2009.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2008 public utility property taxes became a lien December 31, 2007, are levied after October 1, 2008, and are collected in 2009 real property taxes.

2008 tangible personal property taxes are levied after October 1, 2007, on the value as of December 31, 2007. Collections are made in 2008. In prior years, tangible personal property was assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2008 is 6.25 percent. This will be reduced to zero for 2009.

The full tax rate for all County operations for the year ended December 31, 2008, was \$10.10 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2008 property tax receipts were based are as follows:

Jackson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Real Property	\$406,448,940
Public Utility Real Property	116,150
Public Utility Tangible Personal Property	42,356,190
Tangible Personal Property	<u>32,238,629</u>
Total Assessed Value	<u><u>\$481,159,909</u></u>

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

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

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 the taxes collected. The collection and distribution of taxes for all subdivisions within the County, excluding the County itself, is accounted for through agency funds. The amount of the County's tax collections is accounted for within the applicable funds.

Note 9 – Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2008, the County contracted with the Ohio Government Risk Management Plan, operated by the Buckeye Joint-County Self-Insurance Council, an insurance purchasing pool (see Note 18), for liability, auto, and crime insurance. Each member pays a premium for their coverage. The agreement provides that the Council will be self-sustaining through member premiums. In the event of losses, the first \$250 to \$2,500 of any valid claim, depending upon type of loss, will be paid by the member. The next payment, with a maximum payout ranging from \$100,000 to \$1,000,000 per occurrence, will come from the insurance purchasing pool based on the member's percentage of contribution. If the aggregate claims by the pool exceed the available resources, the pool may require the members to make additional supplementary payments. Jackson County does not have any ongoing financial interest or responsibility. The agreement between the Counties and the Council indicates that a voluntary withdrawal or termination by any county shall constitute a forfeiture of any pro rate share of the Council reserve fund. Current calculation of this potential residual interest is, therefore, not possible. During 2008, Jackson County paid \$136,179 to the Council for insurance coverage. Coverage provided by the program and applicable deductibles are as follows:

Jackson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Property	Deductible	Limits of Coverage
Real Property	\$1,000	\$20,300,647
General Liability	0	1,000,000/3,000,000
Public Official Liability	5,000	1,000,000/3,000,000
Law Enforcement	5,000	1,000,000/3,000,000
Employee Benefits	0	1,000,000/3,000,000
Inland Marine	1,000	1,885,028
Medical Expense:	0	10,000/50,000
Employer's Liability (Stop Gap)	0	1,000,000
Electronic Equipment/Media Coverage:		
Electronic Equipment	1,000	500,000
Electronic Media	0	5,000
Extra Expense	0	5,000
Crime Coverage:		
Theft, Disappearance, Destruction	0	100,000
Public Dishonesty	0	250,000
Forgery and Alteration	0	5,000
Computer Fraud	100	50,000
Automobile	1,000	1,000,000 Per Occurrence
Arson Reward	0	5,000
Fire Department Service Charge	0	1,000
Fire Protection Devices	0	5,000
Outdoor Property	0	100,000
Personal Effects	0	2,500
Polution Clean Up and Removal	0	50,000
Property Off Premises	0	10,000
Property in Transit	0	25,000
Accounts Receivable	0	100,000
Builders Risk	0	500,000
Fine Arts	0	25,000
Newly Acquired or Constructed Property:		
Building	0	500,000
Personal Property	0	100,000
Legal Liability Real Property	0	1,000,000

Settled claims have not exceeded coverage in any of the past three years. There has been no significant reduction in insurance coverage from the prior year.

For 2008, the County participated in the County Commissioners Association of Ohio Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool (see Note 18). The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating Counties is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. In order to allocate the savings derived by formation of the Plan, and to maximize the number of participants in the Plan, the Plan's executive committee annually calculates the total savings which accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the Plan is limited to Counties that can meet the Plan's selection criteria. The firm of Gates McDonald, Inc. provides administrative, cost control and actuarial services to the Plan.

Jackson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Each year, the County pays an enrollment fee to the Plan to cover the costs of administering the program.

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

The County pays all elected officials bonds by State statute.

Note 10 – Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

Plan Description – The County participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the combined plan, OPERS invests employer contributions to provide a formula retirement benefit similar to the traditional 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 and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2008, members in state and local classifications contributed 10.0 percent of covered payroll, public safety members and law enforcement members contributed 10.1 percent.

The County's contribution rate for 2008 was 14.0 percent of covered payroll. Ohio Revised Code provides statutory authority for member and employer contributions.

The County's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2008, 2007, and 2006, were \$1,232,292, \$1,157,280 and \$1,085,962, respectively. The full amount has been contributed for 2008, 2007, and 2006. Contributions to the member-directed plan for 2008 were \$25,096 made by the County and \$17,926 made by plans members. Contributions to the combined plan for 2008 were \$20,841 made by the County and \$14,886 made by plan members.

B. State Teachers Retirement System

Plan Description - Certified teachers, employed by the school for Developmental Disabilities, 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.

Jackson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

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.

The County's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008, and 2007 were \$28,640, \$27,482, and \$30,293 respectively; The full amount has been contributed for 2009, 2008, and 2007. There were no contributions made to either the DC or Combined plans in 2008.

Note 11 – Postemployment Benefits

A. Ohio Public Employees Retirement System

Plan Description – OPERS maintains a cost sharing multiple employer defined benefit post-employment health care plan for qualifying members of both the traditional and combined pension plans. Members of the member directed plan do not qualify for ancillary benefits, including post-employment health care. The plan includes a medical plan, a prescription drug program and Medicare Part b premium reimbursement.

To qualify for post-employment health care coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

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

Jackson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

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

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2008, local government employers contributed 14.0 percent of covered payroll. Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. For 2008, the amount of the employer contributions which was allocated to fund post-employment health care was 7.0 percent of covered payroll.

The Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2008, 2007, and 2006, were \$616,146, \$460,217 and \$320,523, respectively. The full amount has been contributed for 2008, 2007, and 2006.

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.

B. State Teachers Retirement System

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 or by calling (888) 227-7877.

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active 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. The County's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$2,046, \$1,963, and \$2,562 respectively; The full amount has been contributed for 2008, 2007, and 2006.

Jackson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Note 12 – Notes Payable

	Principal Outstanding 12/31/07	Additions	Deductions	Principal Outstanding 12/31/08
Governmental Activities:				
Bond Anticipation Notes:				
2007 Regional Detention Center - 4.30%	\$148,000	\$0	\$148,000	\$0
2008 Regional Detention Center - 2.75%	0	103,000	0	103,000
2007 Job and Family Services Center - 4.30%	615,000	0	615,000	0
2008 Job and Family Services Center - 2.75%	0	475,000	0	475,000
2007 Courthouse Improvements - 4.30%	60,000	0	60,000	0
2008 Courthouse Improvements - 2.75%	0	50,000	0	50,000
2007 Highway Garage - 4.30%	145,000	0	145,000	0
2008 Highway Garage - 2.75%	0	125,000	0	125,000
2007 GIS Project - 4.30%	54,000	0	54,000	0
2008 GIS Project - 2.75%	0	19,000	0	19,000
2007 Computer Equipment - 4.30%	54,000	0	54,000	0
2008 Computer Equipment - 2.75%	0	27,000	0	27,000
2007 Municipal Court Building - 4.30%	1,150,000	0	1,150,000	0
2008 Municipal Court Building - 2.75%	0	1,090,000	0	1,090,000
2007 Photo Mapping - 4.30%	115,000	0	115,000	0
2008 Photo Mapping - 2.75%	0	105,000	0	105,000
2007 Map Office Building - 4.30%	90,000	0	90,000	0
2008 Map Office Building - 2.75%	0	80,000	0	80,000
2007 Highway Track Hoe - 4.30%	129,000	0	129,000	0
2008 Highway Track Hoe - 2.75%	0	129,000	0	129,000
2008 County Fair Board - 4.30%	0	60,000	60,000	0
2008 County Fair Board - 2.75%	0	48,000	0	48,000
2008 Courthouse Portico - 4.30%	0	290,000	290,000	0
2008 Courthouse Portico - 2.75%	0	261,000	0	261,000
2008 Court Computer System - 4.30%	0	110,000	110,000	0
2008 Court Computer System - 2.75%	0	88,000	0	88,000
2008 Dump Truck - 4.30%	0	85,000	85,000	0
2008 Dump Truck - 2.75%	0	85,000	0	85,000
Total Governmental Activities:	\$2,560,000	\$3,230,000	\$3,105,000	\$2,685,000

The Regional Detention Center note was issued for the construction of a new detention facility. The Job and Family Services Center note was issued for the purchase and renovation of the new Job and Family Services facility. The Courthouse Improvements note was issued for the renovation of the Jackson County Courthouse. The Highway Garage note was issued for the construction of a new highway garage. The GIS Project note was issued to finance the County-wide Geographical Information System. The Computer Equipment note was issued for the purpose of purchasing a new computer system for the County Auditor's office. The Municipal Court Building note was issued for the purpose of financing the purchase and renovation of the new Municipal Court facility. The Photo Mapping note was issued for the photo mapping of all county roads. The Map Office Building note was issued for the purchase and renovation of the County's Tax Map office. The Highway Track Hoe note was for the purpose of purchasing the County Engineer's department a new track hoe. The County Fair Board Notes were issued for the construction of a new pig barn. The Courthouse Portico notes were issued for the reconstruction of the Jackson County Courthouse's entryway. The Court Computer System notes were issued for the purpose of purchasing a new computer system for the Municipal Court. The Dump Truck note was issued to finance the purchase of a new dump truck for the County Engineer's department.

Jackson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

All notes are bond anticipation notes and backed by the full faith and credit of the County and mature within one year. The note is reflected in the funds which received the proceeds. All notes will be reissued until paid or bonds are issued.

Note 13 – Long Term Obligations

A schedule of changes in long-term obligations of the County during 2008 follows:

	Principal Outstanding 12/31/07	Additions	Deductions	Principal Outstanding 12/31/08	Amounts Due in One Year
Governmental Activities:					
1998 Wastewater Treatment Facility General Obligation Bonds - 4.95%	\$140,000	\$0	\$25,000	\$115,000	\$25,000
2004 Health Department Roof Loan - 3.25%	19,968	0	10,362	9,606	9,606
	<u>\$159,968</u>	<u>\$0</u>	<u>\$35,362</u>	<u>\$124,606</u>	<u>\$34,606</u>

Principal and interest requirements to retire the Wastewater Treatment Facility General Obligation Bonds outstanding at December 31, 2008, are as follows:

Year Ended December 31,	Principal	Interest	Total
2009	\$25,000	\$5,693	\$30,693
2010	30,000	4,455	34,455
2011	30,000	2,970	32,970
2012	30,000	1,485	31,485
	<u>\$115,000</u>	<u>\$14,603</u>	<u>\$129,603</u>

The 1998 Wastewater Treatment Facility General Obligation Bonds, originally issued for \$337,500, represents amounts issued on behalf of the Gallia, Jackson, Meigs, and Vinton Joint Solid Waste District to finance the construction of a solid waste recycling facility for the District. The District has agreed to make payments to the County to retire the debt as it becomes due.

Principal and interest requirements to retire the Health Department Roof Loan liability at December 31, 2008, are as follows:

Year Ended December 31,	Principal	Interest	Total
2009	\$9,606	\$347	\$9,953

The Health Department roof loan was issued for the purpose of replacing the roof on the County Health Department building and is backed by the full faith and credit of the County.

The Ohio Revised Code provides that net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 1 percent of the total assessed valuation of the County. The Revised Code further provides that the total voted and unvoted note debt of the County less the same exempt debt shall never exceed a sum equal to 3 percent of the first \$100,000,000 of assessed valuation, plus 1.5 percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus 2.5 percent of such valuation in excess of \$300,000,000. The effects of the debt limitations at December 31, 2008, were an overall legal debt margin of \$50,521,790 and an unvoted legal debt margin of \$481,160.

Jackson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Conduit Debt

To assist private sector in acquiring and constructing facilities deemed to be in the public interest, the County on occasion has issued industrial revenue bonds. Mortgages on the facilities secure the bonds. The bonds are payable solely from payments received on the underlying mortgage loans. Upon repayment of the loans, ownership of the facilities will transfer to the private sector entities. The County, the State, or any other political subdivision is not obligated in any manner for paying the bonds, which are not reflected in the debt schedule above. At December 31, 2008, aggregate principal outstanding on the bonds was \$4,937,521.

Note 14 – Contractual Commitments

As of December 31, 2008, the County had contractual purchase commitments as follows:

Project	Fund	Contract Amount	Amount Expended	Balance at 12/31/08
Byer Bridge Replacement	Motor Vehicle Gasoline			
	Tax Special Revenue Fund	\$431,871	\$30,000	\$401,871
Courthouse Portico Replacement Project	General Fund	239,539	96,330	143,209
		<u>\$671,410</u>	<u>\$126,330</u>	<u>\$545,080</u>
Total				

Note 15 – Interfund Activity

A. Transfers

During 2008, the following transfers were made:

<u>Transfer to</u>	<u>Transfer from Major Funds</u>			<u>Total</u>
	General Fund	Motor Vehicle and Gasoline Tax	Other Nonmajor Governmental	
Major Funds:				
General Fund	\$0	\$0	\$91,157	\$91,157
Motor Vehicle Gas Tax	0	0	10,000	10,000
Bond Retirement	1,293,692	548,734	1,394,203	3,236,629
Other Nonmajor Governmental	62,000	0	600	62,600
Total All Funds	<u>\$1,355,692</u>	<u>\$548,734</u>	<u>\$1,495,960</u>	<u>\$3,400,386</u>

The above mentioned Transfers From/To were used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; debt service payments; and to use unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

B. Advances

The Dog and Kennel Special Revenue Fund made a \$12,000 advance to the General Fund to reimburse the General Fund for an advance made in 2007 arising from the provision of cash flow resources from fines, licenses and permits receipts.

Jackson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Note 16 – Jointly Governed Organizations

A. Gallia, Jackson, Meigs, Vinton Solid Waste Management District

The County is a member of the Gallia, Jackson, Meigs Vinton Solid Waste Management District (the District), which is a jointly governed organization of the four named counties. The purpose of the District is to make disposal of waste in the four-county area more comprehensive in terms of recycling, incinerating, and land filling.

The District is governed and operated through three groups. A twelve member Board of Directors, comprised of the three commissioners from each county, is responsible for the District's financial matters. Financial records are maintained by the District. The District's sole revenue source is a waste disposal fee for in-district and out-of-district waste. A twenty-five member Policy Committee, comprised of six members from each county and one at-large member appointed by the Policy Committee, is responsible for preparing the solid waste management plan of the District in conjunction with a Technical Advisory Council whose members are appointed by the Policy Committee. Each participating County's influence is limited to the numbers of members each appoints to the Board. Continued existence of the District is not dependent upon the County's continued participation, no equity interest exists, and no debt is outstanding. The County made no contributions to the District in 2008.

B. Gallia, Jackson, and Meigs Board of Alcohol, Drug Addiction, and Mental Health Services

The Gallia, Jackson, and Meigs Board of Alcohol, Drug Addiction, and Mental Health Services (ADAMH), is a jointly governed organization of the three named counties. The ADAMH provides no direct services but contracts for their delivery. The ADAMH's function is to assess needs, and to plan, monitor, fund and evaluate the services. The ADAMH is managed by an eighteen member Board. The Board is comprised of five members appointed by the Jackson County Commissioners, two by the Gallia County Commissioners, and three by the Meigs County Commissioners, which are proportionate to population, four by the Ohio Department of Drug and Alcohol, and four by the State Department of Mental Health. Each participating county's influence is limited to the number of members each appoints to the Board. The Board exercises total control of the budgeting, appropriating, contracting and managing.

All of the Board's revenue is derived from State and Federal grants awarded to the multi-county Board. Gallia County serves as fiscal agent for the Board. Continued existence of the ADAMH is not dependent upon the County's continued participation, no debt exists, and the County does not have an equity interest in the Board. During 2008, the County made no payments to the Board.

C. Southeast Ohio Emergency Medical Services District

The Southeast Ohio Emergency Medical Services District (the EMS) was organized to provide emergency medical services to the residents of the southeast Ohio. The EMS serves Athens, Jackson, and Lawrence Counties. A nine member Board of Directors governs the EMS. Each County appoints three members to the Board of Directors, upon approval of the current board members. The Board of Directors, in conjunction with the Finance Director, budget and approve expenditures, retain responsibility for surpluses and deficits, and are responsible for any debt incurred. The EMS is not dependent upon Jackson County for its continued existence, and the County does not maintain an equity interest. Emergency medical services are provided to each county under a contractual agreement. Each county is billed on a monthly basis for the services provided to their county. In 2008, the County paid \$981,909 to the EMS for services provided to the County.

Jackson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

D. Jackson-Vinton Community Action Agency

The Jackson-Vinton Community Action Agency (the Agency) is a non-profit corporation organized to plan, conduct and coordinate programs designed to combat social and economic problems and to help eliminate conditions of poverty within Jackson and Vinton Counties. The Agency is governed by a Board comprised of public officials from Jackson and Vinton Counties, representatives of the poor in the area served and officials or members of the private sector of the community. The Agency controls its own operations and budget. In 2008, the County paid \$172,438 to the Agency for services provided to the County.

E. Ohio Valley Regional Development Commission

The Ohio Valley Regional Development Commission (the Commission) is a jointly governed organization that serves a twelve county economic development planning district in southern Ohio. The Commission was formed to influence favorably the future economic, physical and social development of Adams, Brown, Clermont, Fayette, Gallia, Highland, Jackson, Lawrence, Pike, Ross, Scioto, and Vinton Counties. Membership is comprised of elected and appointed county, municipal, and township officials or their officially appointed designees, as well as members of the private sector, community action agencies and regional planning commissions. The Commission is not dependent upon Jackson County for its continued existence. In 2008, the County made \$5,742 in contributions to the Commission.

F. Gallia-Jackson Child Abuse and Neglect Advisory Board

The Child Abuse and Neglect Advisory Board (the Board) is a jointly governed organization formed to prevent child abuse and neglect in its members counties. The Board is controlled by a five member Board of Directors. Gallia and Jackson County each appoints two members and there is one at-large member. The at-large member is currently the Gallia, Jackson, and Meigs Board of Alcohol, Drug Addiction, and Mental Health Services director. The Board Organization receives \$20,000 a year from the State for birth registration fees, of which \$19,400 is sent directly to the Ohio Children's Trust Fund Board. The Gallia, Jackson, and Meigs Board of Alcohol, Drug Addiction, and Mental Health Services received the remaining \$600 for administrative services. Continued existence of the Board is not dependent upon the County's continued participation, nor does the County have an equity interest in the Board. The Board is not accumulating significant financial resources nor is it experiencing fiscal distress that may cause an additional financial benefit to or burden on the County. The Board currently does not prepare year end financial statements due to the limited amount of financial activity.

G. Southern Ohio Council of Governments

The County is a member of the Southern Ohio Council of Governments (the "Council"), which is a jointly governed organization created under Ohio Revised Code Section 167.01. The governing body consists of a thirteen member board with each participating County represented by its Director of its Board of Developmental Disabilities (DD). Member counties include: Adams, Athens, Brown, Fayette, Gallia, Highland, Jackson, Lawrence, Pickaway, Pike, Ross, Scioto, and Vinton Counties. The Council acts as fiscal agent for the Jackson County DD's supportive living program monies. During 2008, the Council received \$23,279 from Jackson County and as of December 31, 2008, the County had a \$123,839 balance on hand with the Council. These monies are recorded as "Cash and Cash Equivalents in Segregated Accounts" on the County's financial statements. Financial statements can be obtained from the Council at 43 N. Paint St., Chillicothe, Ohio 45601.

Jackson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

H. Ohio Valley Resource Conservation and Development Area, Inc.

The Ohio Valley Resource Conservation and Development Area, Inc. is a jointly governed organization that is operated as a non-profit corporation. The Ohio Valley Resource Conservations and Development Area, Inc. was created to aid regional planning to participating counties. Jackson County, along with Ross, Vinton, Highland, Gallia, Brown, Adams, Pike, Scioto, and Lawrence Counties each appoint three members to the thirty member Council. The Council selects an administrator to oversee operations. In 2008, the County made \$750 in contributions to the OVRCD.

Note 17 – Joint Venture

South Central Ohio Regional Juvenile Detention Center

The County is a participant with Highland, Pike, Ross, Vinton, and Fayette counties in the South Central Ohio Regional Juvenile Detention Center (the Center) which is a facility that provides temporary housing for juvenile offenders awaiting disposition by the respective juvenile courts of the member counties. The juvenile judge from each participating county appoints one trustee to serve on the Board, except Ross County which appoints two trustees since it is the home county. The Commissioners of each county have final approval of their respective trustee. Each county is obligated to provide financial support to the Center through per diem charges and assessments which are based on the total assessed valuation of each county in proportion to the total assessed valuation of all participating counties. The County has an ongoing financial responsibility for this entity and, during 2008, contributed \$139,282 toward the operation of this facility. During 2001, the Board of Trustees for the Center determined that it was necessary to improve the Center by constructing a new facility and making related improvements to the existing facility. This work, completed in 2004, had a total cost of \$5,834,000. The County's equity interest in that Center was determined to be \$482,000. The Center is not accumulating significant financial resources or experiencing fiscal distress which would cause an additional financial benefit to or burden on the County. The Ross County Auditor is the fiscal agent for the Center. Complete financial statements of the joint venture can be obtained from the Ross County Auditor, Ross County Courthouse, 2 North Paint Street, Suite G, Chillicothe, Ohio 45601.

Note 18 – Insurance Purchasing Pools

A. Buckeye Joint-County Self-Insurance Council

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

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

Jackson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

B. County Commissioners Association of Ohio Workers' Compensation Group Rating Plan

The County is participating in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The County Commissioners Association Service Corporation (CCAOSC) was established through the County Commissioners Association of Ohio (CCAO) as a group purchasing pool.

A group executive committee is responsible for calculating annual rate contributions and rebates, approving the selection of a third party administrator, reviewing and approving proposed third party fees, fees for risk management services and general management fees, determining ongoing eligibility of each participant, and performing any other acts and functions which may be delegated to it by the participating employers. The group executive committee consists of seven members. Two members are the president and treasurer of CCAOSC; the remaining five members are representatives of the participants. These five members are elected for the ensuing year by the participants at the meeting held in the month of December each year. No participant can have more than one member of the group executive committee in any year and each elected member shall be a County Commissioner.

Note 19 – Revolving Loan Program

The County participates in a Community Development Block Grant Revolving Loan Program. The goal of the Revolving Loan Fund (RLF) is to enable eligible communities to overcome specific gaps in local capital markets that inhibit business and industry from obtaining suitable credit, and thereby impede local economic growth and stability. The primary goal of each RLF project will be private sector job creation or retention of which at least 51% of such jobs must be taken by or made available to persons from low and moderate income households. The program is administered by the Jackson County Economic Development Commission. At December 31, 2008, total outstanding balances were \$745,616, principal loan revenue was \$50,112, and the County paid \$16,314 in administrative costs.

Note 20 – Contingent Liabilities

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

Several claims and lawsuits are pending against the County. In the opinion of the County Prosecutor, any potential liability would not have a material effect on the County's financial condition.

Note 21 – Food Stamps

The County's Department of Job and Family Services distributes, through contracting issuance centers, federal food stamps to entitled recipients with Jackson County. The receipt and issuance of the stamps have the characteristics of a federal grant. However, the Department of Job and Family Services merely acts in an intermediary capacity. Therefore, the inventory value of these stamps is not reflected in the accompanying financial statements, as the only economic interest related to these stamps rests with the ultimate recipient.

Note 22 – Component Unit Disclosures

A. Jackson County Airport Authority

The following are the Jackson County Airport Authority (the Authority) notes to the financial statements for the year ended December 31, 2008:

Jackson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Summary of Significant Accounting Policies

Basis of Presentation: The Summary of Significant Accounting Policies is presented to assist in understanding the Authority's financial statements. The financial statements and notes are representations of the Authority's management, who are responsible for their integrity and objectivity. These accounting policies conform to the basis of accounting prescribed or permitted by the Auditor of State. 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.

Liability for Income Taxes: The Authority is exempt from income tax under Section 501(c)(3) of Internal Revenue Code.

Cash and Cash Equivalents: The Authority considers deposits with maturities of twelve months or less to be cash equivalents. At December 31, 2008, the carrying amount of the Authority's deposits was \$23,185 and the bank balance was \$23,185. The entire bank balance was covered by federal depository insurance.

Property, Plant and Equipment: Fixed assets acquired or constructed for the Authority are recorded as disbursements. Depreciation is not recorded for these fixed assets.

B. J-Vac Industries, Inc.

The following are the J-Vac Industries, Inc. (the Workshop) notes to the financial statements for the year ended June 30, 2008:

Nature of Activities

J-Vac Industries, Inc. (the Organization) provides job training for the mentally handicapped in Jackson County, Ohio. Work training includes providing janitorial services for the local industry, state and local organizations, the making of crafts and other services for sale to local industry. The Jackson County Board of Developmental Disabilities (JCBDD) provide the facilities and managerial staff. The revenues earned by the facility fund the operation.

Summary of Significant Accounting Policies

Basis of Presentation: The accounting records are maintained on the accrual basis of accounting and the principles and practices common to not-for-profit organizations for financial reporting purposes. As a result, the Organization is required to report information regarding its financial position and activities according to three classes of net assets, unrestricted, temporarily restricted and permanently restricted (there were no temporarily or permanently restricted net assets at June 30, 2008).

Unrestricted Net Assets: Net assets that are not subject to donor imposed restrictions. This includes amounts from some funding sources that require the funds to be spent on activities within the scope of the Organization's purpose.

Temporarily Restricted Net Assets: Net assets subject to donor imposed stipulations that may or will be met, either by the activities of the Organization or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets: Net assets restricted by donor or by law to be maintained by the Organization in perpetuity.

Jackson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Cash Equivalents: Short-term, highly liquid investments that are readily convertible to known amounts of cash and have original maturities of three months or less are considered to be cash equivalents. The entire amount as of June 30, 2008 and 2007 were fully insured under FDIC or the Federal Credit Union Administration.

Accounts Receivable: The Organization considers accounts receivable to be fully collectible. Accordingly, no allowance for doubtful accounts is required. If amounts are determined to be uncollectible after all efforts to collect the balances have been exhausted, they are written off and charged to operations in the period that the determination is made.

Inventory: Inventory consists of finished goods ready to be sold and various items that are used in the production of goods to be sold. These items are recorded at the lower of cost or market with cost determined on the first-in, first-out basis.

Property and Equipment: Property and equipment are carried at cost, less accumulated depreciation computed on the straight-line method. Major renewals and betterments are capitalized and depreciated; maintenance and repairs that do not improve or extend the life of the respective assets are charged to expense as incurred. Upon disposal of assets, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is included in support and revenue. Assets are depreciated using the straight-line method on the basis of their economic life ranging from three to five years.

Revenue and Expense Recognition: Revenues are included in operations in the period for which they are awarded based upon signed contracts. In the absence of a signed contract, revenues are recorded when a product is sold or, in the case of contributions, when the cash is received. Revenues received for a specified purpose are used in accordance with applicable restrictions. Expenses are included in operations in the period they are incurred.

Contributed Services and Materials: Unpaid volunteers have made significant contributions of their time in the furtherance of the Organization's programs. The value of this contributed time is not reflected in these financial statements since it is not susceptible to objective measurement or valuation. Contributed materials are recorded at fair market value at the time of contribution if the value can be readily determined.

Advertising Costs: Advertising costs are expensed as incurred.

Income Taxes: The Organization is exempt from federal income taxes under Section 501(c)(3) of the internal revenue code. Thus, no provision or accrual for income taxes is included in these financial statements.

Functional Allocation of Expenses: The Organization maintains its accounts in accordance with the principles of functional expense reporting. Expenses for various purposes are classified for accounting and reporting into individual program activities and functions.

Use of Estimates: The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

Property and Equipment

Property and equipment are presented on the balance sheet at the net book value and consist of the following:

Equipment	\$10,156
Accumulated Depreciation	(9,558)
	<hr/>
Total	<u>\$598</u>

Jackson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Long-Term Receivable

The previous director misappropriated funds received by the Organization and it was determined that the amount recoverable was \$2,911. An agreement was reached for the former director to pay \$100 per month until the balance was paid. The receivable was non-interest bearing. No payments were made, and as of the date of the audit report the individual had filed for bankruptcy, which resulted in the discharge of the debt. As a result, the amount of the receivable was written off.

Related Party

The Organization is housed in a building operated and maintained by JCBDD. The JCBDD also provides personnel support for the Organization. The Organization does not pay for these services and there are no in-kind contributions related to these services recorded in the statement of activities, as the amount is difficult to estimate.

Short-Term Debt

On March 28, 2005, the board entered into a promissory note agreement with Ohio Industries for the Handicapped, Inc. (OIH), one of the Organization's primary customers. The Organization borrowed \$30,877 for the purpose of providing funds to purchase materials necessary for constructing golf course accessory products. The payments were \$590 per month for a term of 60 months with an interest rate of 5.5 percent.

The Organization has not been able to find a customer base for the golf course accessory products. This created a cash shortfall, preventing the Organization from making the principal and interest payments related to the OIH note. The Organization has not made any principal or interest payments on this note since December, 2005, however, because OIH purchases monthly janitorial services from the Organization, OIH deducted the loan payments from the monthly payments for services rendered through December of 2006. In January of 2007, the JCBDD began making the monthly loan payments on behalf of the Organization but discontinued those payments in December 2007. No payments have been made from any source subsequent to December 2007 through the date of this report. As of the date of the audit report, OIH, now Possitivity, filed a suit against J-Vac demanding payment of the remaining loan balance and was awarded a favorable judgment. The entire amount is due upon demand and is therefore recorded as short-term.

Discretely Presented Component Unit

Under Governmental Accounting Standards Board Statement No. 14, the Organization is also considered to be a discretely presented component unit of Jackson County and is presented as such within Jackson County's general-purpose financial statements for the fiscal year ended June 30, 2008.

JACKSON COUNTY

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

FEDERAL GRANTOR / <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
<i>Passed Through Ohio Department of Development:</i>			
Community Development Block Grant - State's Program	B-F-07-037-1	14.228	\$ 57,461
	B-F-06-037-1		74,336
	B-F-04-037-1		66,232
	B-C-06-037-1		119,000
Revolving Loan	N/A		68,347
Total Community Development Block Grant - State's Program			<u>385,376</u>
HOME Investment Partnerships Program	B-C-06-037-2	14.239	<u>73,883</u>
Total United States Department of Housing and Urban Development			459,259
<u>UNITED STATES DEPARTMENT OF LABOR</u>			
<i>Passed Through Workforce Investment Act, Area 7:</i>			
Workforce Investment Act (WIA) Cluster:			
Workforce Investment Act - Adult	N/A	17.258	208,184
Workforce Investment Act - Administration			1,720
Workforce Investment Act - Adult Total			<u>209,904</u>
Workforce Investment Act - Youth Activities	N/A	17.259	237,502
Workforce Investment Act - Dislocated Workers	N/A	17.260	<u>436,702</u>
Total WIA Cluster			884,108
Employment Service/Wagner-Peyser Funded Activities	N/A	17.207	3,403
Veteran's Employment Programs	N/A	17.802	<u>3,409</u>
Total United States Department of Labor			890,920
<u>UNITED STATES DEPARTMENT OF TRANSPORTATION</u>			
<i>Direct from the Federal Government</i>			
Airport Improvement Program	AIP-3-39-0041-0203	20.106	86,699
	AIP-3-39-0041-0506		82,655
	AIP-3-39-0041-0607		58,463
	AIP-3-39-0041-0708		20,762
	AIP-3-39-0041-0809		673
Total Airport Improvement Program			<u>249,252</u>
<i>Passed Through Ohio Emergency Management Agency:</i>			
Interagency Hazardous Materials Public Sector Training and Planning Grants	N/A	20.703	<u>2,443</u>
Total Department of Transportation			251,695

(Continued)

JACKSON COUNTY

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

FEDERAL GRANTOR / <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>UNITED STATES DEPARTMENT OF EDUCATION</u>			
<i>Passed Through Ohio Department of Education:</i>			
Special Education Cluster:			
Special Education - Grants to States	6B-SF-2009	84.027	\$ 23,766
Special Education - Preschool Grants	PG-S1-2009	84.173	<u>5,341</u>
Total Special Education Cluster			29,107
State Grants for Innovative Programs	C2-S1-2009	84.298	<u>105</u>
Total United States Department of Education			29,212
<u>UNITED STATES ELECTION ASSISTANCE COMMISSION</u>			
<i>Pass through Ohio Secretary of State</i>			
Help America Vote Act Requirement Payments	N/A	90.401	<u>751</u>
Total United States Election Assistance Commission			751
<u>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
<i>Passed Through Ohio Secretary of State</i>			
Voting Access for Individual with Disabilities - Grants to States	N/A	93.617	5,477
<i>Passed Through Ohio Department of Mental Retardation and Developmental Disabilities:</i>			
Social Services Block Grant	N/A	93.667	34,369
State Children's Insurance Program	N/A	93.767	285
Medical Assistance Program			
Target Case Management (TCM)	N/A	93.778	46,207
Waiver Administration	N/A	93.778	<u>99,195</u>
Total Medical Assistance Program			<u>145,402</u>
Total United States Department of Health and Human Services			180,056
<u>UNITED STATES DEPARTMENT OF HOMELAND SECURITY</u>			
<i>Passed Through Ohio Emergency Management Agency:</i>			
Emergency Management Performance Grant	2007-EM-E7-0085	97.042	5,567
	2007-EM-E7-0024	97.042	17,158
	2008-EM-EB-0002	97.042	<u>6,621</u>
Total Emergency Management Performance Grant			29,346
Homeland Security Grant Program	2007-GE-T7-0030	97.067	<u>49,580</u>
Total United States Department of Homeland Security			<u>78,926</u>
Total Federal Awards Expenditures			<u>\$ 1,896,296</u>

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

JACKSON COUNTY

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE 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 – COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS

The County has established a revolving loan program to provide low-interest loans to businesses to create jobs for persons from low-moderate income households and to eligible persons and to rehabilitate homes. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the County passed through the Ohio Department of Development. The initial loan of this money was recorded as a disbursement on the Federal Awards Expenditures Schedule (the Schedule) in the initial grant year. Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, and are also included as disbursements on the accompanying Schedule. Activity in the CDBG revolving loan fund during 2008 is as follows:

Beginning loans receivable balance as of January 1, 2008:	\$ 795,728
Loans made:	0
Loan principal repaid during 2008:	(50,112)
Ending loans receivable balance as of December 31, 2008:	<u>\$ 745,616</u>
Cash balance on hand in the Revolving Loan Fund as of December 31, 2008:	\$ 23,968
Interest subsidies and administrative costs expended during 2008:	16,314
Total value of the Revolving Loan Fund portion of the CDBG 14.228 program:	<u>\$ 85,898</u>
Cash balance on hand in the Microenterprise Revolving Loan Fund*:	\$ 50,000
Cash balance on hand in the County Road 44 Relocation Study*:	7,967
Total value of waivers from revolving loan funds:	<u>\$ 57,967</u>
Expenditures from revolving loan fund waivers:	52,033
Other grants administered through the CDBG 14.228 program:	317,029
Total CDBG 14.228 program:	<u>\$ 1,370,894</u>
Interest subsidies and administrative costs expended during 2008:	\$ 16,314
Expenditures in the Microenterprise Revolving Loan Fund*:	50,000
Expenditures in the County Road 44 Relocation Study Fund*:	2,033
Other grants administered through the CDBG 14.228 program:	317,029
Total CDBG 14.228 program Federal Schedule Expenditures:	<u>\$ 385,376</u>

*Ohio Department of Development Office of Housing and Community Partnerships approved a waiver request to use \$100,000 of revolving loan fund program income to establish a microenterprise revolving loan fund and a waiver request to use \$10,000 of revolving loan fund for a county road 44 relocation study.

These loans are collateralized by machinery and equipment. There were no delinquent amounts outstanding.

JACKSON COUNTY

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

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.



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*

Jackson County
226 East Main Street
Jackson, Ohio 45640

To the Board of County Commissioners:

We have audited the financial statements of the governmental activities, the discretely-presented component units, each major fund, and the aggregate remaining fund information of Jackson County, Ohio (the County), as of and for the year ended December 31, 2008, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 31, 2009, wherein we noted that (except for J-VAC Industries, Inc.), the County uses a comprehensive basis of accounting other than generally accepted accounting principles. Other auditors audited the financial statements of the J-VAC Industries, Inc., in accordance with auditing standards generally accepted in the United States of America and not in accordance with *Government Auditing Standards* and, accordingly, this report does not extend to that component unit. Except as discussed in the preceding sentence, 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 opinions 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 a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

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 finding 2008-004 described in the accompanying Schedule of Findings to be a significant deficiency 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.

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. However, we believe the significant deficiency described above is also a material weakness.

We also noted certain internal control matters that we reported to the County's management in a separate letter dated December 31, 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 2008-001 through 2008-005.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the County's management in a separate letter dated December 31, 2009.

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 management, the Board of County 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

December 31, 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

Jackson County
226 East Main Street
Jackson, Ohio 45640

To the Board of County Commissioners:

Compliance

We have audited the compliance of Jackson County, Ohio (the County), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the year ended December 31, 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, the 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 2008-006.

In a separate letter to the County's management dated December 31, 2009, we reported an other matter related to federal noncompliance not requiring inclusion in this report.

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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A control deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that the entity's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings as finding 2008-007 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result 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. We consider the significant deficiency in internal control over compliance described in the accompanying Schedule of Findings as finding number 2008-007 to be a material weakness.

We also noted matters involving the internal control over federal compliance not requiring inclusion in this report, that we reported to the County's management in a separate letter dated December 31, 2009.

The County's responses to the findings we identified 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 management, the Board of County Commissioners, federal awarding agencies, and pass-through entities. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

December 31, 2009

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

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	Yes
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under §.510?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	Community Development Block Grant – State's Program – CFDA #14.228 Workforce Investment Act Cluster – CFDA #17.258, #17.259, and #17.260 Airport Improvement Program – CFDA #20.106
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

JACKSON COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2008
(Continued)

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

FINDING NUMBER 2008-001

Noncompliance Finding

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

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

We recommend the County take the necessary steps to ensure that the annual financial report is prepared and filed on a generally accepted accounting principles basis.

Officials' Response: The County cannot afford to convert to GAAP at this time.

FINDING NUMBER 2008-002

Noncompliance Finding

Ohio Rev. Code Section 5705.41(B) prohibits a subdivision or taxing unit from expending money unless it has been appropriated. Auditor of State Bulletin 97-010 states that when short-term notes mature, many local governments issue new notes for the same or a slightly smaller amount than the old one. The local government is required to budget for the payment of the principal of the old note and should budget for the receipt of the proceeds of the new note.

The County renewed bond anticipation notes in the amount of \$2,685,000 during the audit period. The County Commissioners did not amend appropriations for the note debt and the County Auditor did not record the resulting payoff of the old note debt or the proceeds of the new note. An audit adjustment was made to the financial statements to reflect the correct debt principal payments and related debt proceeds from the renewal of the notes.

We recommend that prior to the County renewing its note debt each year the County Commissioners amend appropriations and estimated resources. The County Auditor should then record the corresponding payoff of the old debt and the proceeds of the new debt.

Officials' Response: In 2009, we have converted the BAN's to Bonds so 2009 will be the last year this is an issue.

JACKSON COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2008
(Continued)

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

FINDING NUMBER 2008-003

Noncompliance Finding

Ohio Rev. Code Section 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Every such contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in Sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" Certificate – If the fiscal officer (County Auditor) can certify that both at the time that the contract or order was made ("then"), and at the time that the County Auditor is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the County can authorize the drawing of a warrant for the payment of the amount due. The County has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$100 for counties may be paid by the County Auditor without a resolution upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the County.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificate – The County may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the County Auditor for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Twenty percent of the transactions tested were not certified by the County Auditor at the time the commitment was incurred and there was no evidence that the County followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

JACKSON COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2008
(Continued)

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

FINDING NUMBER 2008-003 (Continued)

Noncompliance Finding - Ohio Rev. Code Section 5705.41(D)(1) (Continued)

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the County's funds exceeding budgetary spending limitations, we recommend that the County Auditor certify that the funds are or will be available prior to obligation by the County. When prior certification is not possible, "then and now" certification should be used.

We recommend the County Auditor certify purchases to which Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language Section 5705.41(D) requires to authorize disbursements. The County Auditor should sign the certification at the time the County incurs a commitment, and only when the requirements of Section 5705.41(D) are satisfied. The County Auditor should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

Officials' Response: This can be accomplished with the hiring of a purchase order clerk. The County Auditor's current staff cannot handle the additional work load.

FINDING NUMBER 2008-004

Noncompliance Finding / Material Weakness

Ohio Admin. Code Section 117-2-01(D) states, in part, that when designing the public office's system of internal control and the specific control activities, management should ensure all transactions are authorized in accordance with management's policies, ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

Ohio Admin. Code Section 117-2-02(D) states, in part, that all local public offices may maintain accounting records in a manual or computerized format. The records used should be based on the nature of operations and services the public office provides, and should consider the degree of automation and other factors. Such records should include the following:

- Cash journal, which typically contains the following information: The amount, date, receipt number, check number, account code, purchase order number, and any other information necessary to properly classify the transaction.
- Receipts ledger, which typically assembles and classifies receipts into separate accounts for each type of receipt of each fund the public office uses. The amount, date, name of the payor, purpose, receipt number, and other information required for the transactions can be recorded on this ledger.
- Appropriation ledger, which may assemble and classify disbursements or expenditure/expenses into separate accounts for, at a minimum, each account listed in the appropriation resolution. The amount, fund, date, check number, purchase order number, encumbrance amount, unencumbered balance, amount of disbursement, and any other information required may be entered in the appropriate columns.

JACKSON COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2008
(Continued)

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

FINDING NUMBER 2008-004 (Continued)

Noncompliance Finding / Material Weakness – Ohio Admin. Code Section 117-2-01(D) (Continued)

In addition, as further explained in Ohio Rev. Code Section 308.12, the Secretary-Treasurer of the Jackson County Airport Authority (the Authority) shall be the fiscal officer of the Authority and the custodian of its funds and records. Before receiving any moneys, the secretary-treasurer shall furnish bond in such amounts as is determined by the Board of Trustees of the Authority with surety satisfactory to it. All funds coming into the hands of the Secretary-Treasurer shall be deposited by him to the account of the Authority in one or more such depositories as are qualified to receive deposits of county funds, which deposits shall be secured in the same manner as county funds are required to be secured. No disbursements shall be made from such funds except in accordance with rules and regulations adopted by the Board of Trustees.

During 2008, the Authority did not maintain a cash journal, receipt ledger, or appropriation ledger. Therefore the Authority had no process in place to record revenues/expenditures and depended on the County's conversion team to prepare the financial information included in this report. Additionally, this resulted in the inability to appropriately monitor financial information throughout the year or to ensure accuracy of the financial statements prepared by the conversion team.

Additionally, the Secretary-Treasurer of the Authority was unable to provide the following:

1. Documentation to indicate the amount of bond required by the Board of Trustees;
2. Rules and regulations adopted by the Board of Trustees which governed the Authority's receipts and expenditures;
3. The reverse side of cancelled checks;
4. Monthly bank reconciliations;
5. Duplicate receipts; and
6. Documentation to support the review of invoices.

We recommend the Authority's Board of Trustees do the following:

1. Determine who is to be bonded and for what amount;
2. Adopt a set of rules and regulations to follow regarding receipting, disbursing, preparing and monitoring financial reports;
3. Obtain and retain the reverse side of cancelled checks;
4. Maintain a cash journal in order to determine the cash balances of each grant program year and to determine if adequate funds are available to meet program requirements;
5. Maintain a receipt ledger that classifies revenue sources and documents the duplicate receipt number, date, amount, and from whom the monies were received, and month-to-date and year-to-date receipt totals should be shown. This will enable the Authority to classify revenue sources on monthly/annual financial reports and to separately report the amounts on the federal draw requests and project close-out reports;
6. Maintain an appropriation ledger that classifies expenditures by function (such as airport expansion project disbursements, which the Authority must separately report to the U.S Department of Transportation) and documents the check number, date, amount, and payee, and month-to-date and year-to-date expenditure totals should be shown. This will enable the Authority to segregate expenditures by function on monthly/annual financial reports and verify the amounts on the federal draw requests and project close-out reports are accurate;

JACKSON COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2008
(Continued)

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

FINDING NUMBER 2008-004 (Continued)

Noncompliance Finding / Material Weakness – Ohio Admin. Code Section 117-2-01(D) (Continued)

7. Complete and retain all monthly bank reconciliations;
8. Utilize pre-numbered duplicate receipts for all over-the-counter collections such as fuel sales;
9. Maintain all deposit tickets; and
10. Maintain and initial all invoices indicating the Secretary-Treasurer's review and that invoices are ready for payment.

Additionally, we recommend the Board of Trustees monitor the financial activity of the Authority.

Officials' Response: The Board of Commissioners have taken over financial oversight of the Airport.

FINDING NUMBER 2008-005

Finding for Recovery Repaid Under Audit

The Jackson County Commissioners had an agreement with the Jackson County Combined General Health District which required the Health District to pay monthly rent and a portion of the utility expenses for the Health District building. Invoices are sent to the Health District monthly notifying them of the amount owed for the previous month.

During February 2008, an invoice was prepared for the rent and reimbursement of utilities in the amount of \$738. This amount was not paid by the Health District.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money due but not collected is hereby issued against the Jackson County Combined General Health District, in the amount of \$738 and in favor of the Jackson County General Fund.

This finding was repaid on November 16, 2009 and paid into the County Treasury on pay-in # 67126.

Officials' Response: We did not receive a response from Officials to this finding.

3. FINDINGS FOR FEDERAL AWARDS

Finding Number	2008-006
CFDA Title and Number	Community Development Block Grant – CFDA #14.228 and HOME Investment Partnerships Program – CFDA #14.239
Federal Award Number / Year	B-F-06-037-1, B-C-06-037-1, B-C-06-037-2, B-F-07-037-1, and B-C-08-037-2
Federal Agency	United States Department of Housing and Urban Development
Pass-Through Agency	Ohio Department of Development

JACKSON COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2008
(Continued)

3. FINDINGS FOR FEDERAL AWARDS (Continued)

FINDING NUMBER 2008-006 (Continued)

Noncompliance Finding - Cash Management

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

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

From Grant B-F-06-037-1 – Community Development Block Grant:

Draw number 281 dated December 13, 2007 was requested in the amount of \$9,200 for street improvements. The County received the funding on January 16, 2008; however, there were no disbursements during the 15 day period. Therefore, the money was not expended within fifteen days of receipt as required, and the balance exceeded \$5,000 until February 5, 2008.

Draw number 283 dated January 14, 2008 was requested in the amount of \$42,000 for water and sewer facilities and administration costs. The County received the funding on February 7, 2008; however, disbursements during the 15 day period were \$7,600, leaving \$34,400 not disbursed within fifteen days. Therefore, the money was not expended within fifteen days of receipt as required, and the balance exceeded \$5,000 until April 16, 2008.

From Grant B-C-06-037-1 and B-C-06-037-2 – HOME Investment Partnerships Program:

Draw number 284 dated February 7, 2008 was requested in the amount of \$45,186 for rental assistance, new construction and administration costs. The County received the funding on March 10, 2008; however, disbursements during the 15 day period totaled \$33,436, leaving \$11,750 not disbursed within fifteen days. Therefore, money was not expended within fifteen days of receipt as required, and the balance exceeded \$5,000 until April 2, 2008.

Draw number 287 dated August 26, 2008 was requested in the amount of \$20,023 for rental assistance, fair housing and administration costs. The County received the funding on September 12, 2008; however, there were no disbursements during the 15 day period. Therefore, money was not expended within fifteen days of receipt as required, and the balance exceeded \$5,000 until December 3, 2008.

From Grant B-F-07-037-1 – Community Development Block Grant:

Draw number 290 dated September 23, 2008 was requested in the amount of \$27,983 for sidewalk improvements, street improvements, and administration costs. The County received the funding on October 27, 2008; however, disbursements during the 15 day period were \$1,282.50, leaving \$26,700.50 not disbursed within fifteen days. Therefore, the money was not expended within fifteen days of receipt as required, and the balance exceeded \$5,000 until November 18, 2008.

JACKSON COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2008
(Continued)

3. FINDINGS FOR FEDERAL AWARDS (Continued)

FINDING NUMBER 2008-006 (Continued)

Noncompliance Finding – Cash Management (Continued)

From Grant B-C-08-037-2 – HOME Investment Partnerships Program:

Draw number 291 dated November 18, 2008 was requested in the amount of \$18,000 for administration costs. The County received the funding on December 12, 2008; however, there were no disbursements during the 15 day period. Therefore, money was not expended within fifteen days of receipt as required, and the balance exceeded \$5,000 until February 19, 2009.

Based on our testing utilizing the 1.5% average 2008 U.S. Treasury Current Value of Funds Rate, we estimate the imputed interest could have been \$139.13 for the year ended December 31, 2008.

We recommend the County monitor the cash balances in these funds to determine when and how much cash to request. This will help ensure that the monies drawn down are expended within the required time frame.

Officials' Response: The County will work with CDC of Ohio to ensure timely expenditure of funds.

Finding Number	2008-007
CFDA Title and Number	Airport Improvement Program CFDA #20.106
Federal Award Number / Year	3-39-0041-0203, 3-39-0041-0506, 3-39-0041-0607, 3-39-0041-0708, and 3-39-0041-0809
Federal Agency	United States Department of Transportation
Pass-Through Agency	Not Applicable

Material Weakness

Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Procurement and Suspension and Debarment; Real Property Acquisition and Relocation Assistance; and Special Tests and Provisions

49 C.F.R 18.20(b)(3) requires non-Federal entities receiving federal awards to establish and maintain internal control designed to reasonably ensure compliance with laws, regulation, and program compliance requirements. Recipients shall adequately safeguard all assets and assure they are used solely for authorized purposes.

As noted in finding number 2008-004, the Jackson County Airport Authority (the Authority) did not have an effective internal control structure in place to provide reasonable assurance that the Authority is managing Federal awards in compliance with laws, regulations and the provisions of contracts or grant agreements. No ledgers were maintained during the audit period. Bank reconciliations were not performed. There were no processes or procedures in place to ensure transactions were posted in the proper period or to the proper award year. The Authority must have this information to review / monitor reports its engineering firm submits to the United States Department of Transportation on its behalf. Further, there was no evidence that the Authority reviewed invoices for allowability or compliance with the federal requirements.

JACKSON COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2008
(Continued)

3. FINDINGS FOR FEDERAL AWARDS (Continued)

FINDING NUMBER 2008-007 (Continued)

Material Weakness (Continued)

During the improvement project, the Authority relied on its engineering firm to complete payment requests, keep copies of invoices, and to be knowledgeable of allowable activities, allowable costs, etc. Invoices from other vendors were submitted to the engineering firm for their review and approval. Those invoices, as well as the engineering firm's own invoices, were used by the engineering firm to complete the payment requests for reimbursement and were subsequently submitted to the Authority for payment. No one at the Authority reviewed the engineering firm's documentation prior to submission for reimbursement by the Federal Aviation Administration. The engineering firm and the Authority Secretary-Treasurer were required to sign payment requests prior to submission. However, copies of the requests were not maintained by the Authority and copies signed only by the engineering firm were obtained from the engineering firm.

Without adequate recordkeeping and control procedures, the Authority was unable to ensure that compliance with program requirements such as Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Procurement and Suspension and Debarment; Real Property Acquisition and Relocation Assistance; and Special Tests and Provisions could be maintained. Failure to maintain effective internal controls over these requirements could result in the loss of future funding and subject the authority to a program specific audit by the granting agency. We were able to test compliance with these requirements using records maintained by the engineering firm.

Additionally, the Authority was unable to verify the accuracy of draw requests and project close out reports prepared by the engineering firm. A cash journal, receipts ledger and appropriation ledger would have assisted the Authority in tracking the amount of federal funds received for each grant award, the amount spent or obligated on each award, and the cash balance of each award. Without tracking this information, the Authority would be unable to prepare the required reports themselves if the engineering firm failed to do so. This could also result in the Authority running short on funds by not budgeting for the amount of local match money needed.

The Authority Secretary-Treasurer performed all accounting functions, including receipting, depositing and disbursing federal funds. It is therefore important that the Authority's Board of Trustees monitor financial activity closely. Additionally, since this grant was awarded to both the Authority and the Jackson County Commissioners, monitoring of activities should have been performed by the County Commissioners.

We recommend the Authority's Board of Trustees and the Jackson County Commissioners do the following:

1. Create and enforce policies and procedures to ensure compliance with laws, regulations and program compliance requirements;
2. Maintain a cash journal, receipts ledger and appropriation ledger in order to prepare or review reports required by the Federal Aviation Administration;
3. Review detailed financial reports and bank reconciliations on a monthly basis;
4. Maintain copies of the signed draw requests showing their approval of the requests and their agreement to the ledgers maintained by the Authority; and
5. Maintain invoices showing review and approval of all invoices for allowability, and specifically document approval of invoices from the engineering firm since the engineering firm cannot approve their own invoices.

Officials' Response: The Board of Commissioners have taken over financial oversight of the Airport.

JACKSON 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; Explain
2007-001	A citation was issued under Ohio Rev. Code Section 117.38 and Ohio Admin. Code Section 117-2-03(B) for not preparing and filing the annual report in accordance with Generally Accepted Accounting Principles.	No	Not Corrected. Reissued in the current audit as Finding Number 2008-001.
2007-002	A citation was issued under Ohio Rev. Code Section 5705.10(H) for negative fund balances throughout the year.	Yes	
2007-003	A citation was issued under Ohio Rev. Code Section 5705.41(B) for the County not amending appropriations for note debt and not recording resulting payoff of the old note debt.	No	Not Corrected. Reissued in the current audit as Finding Number 2008-002.
2007-004	A citation was issued under Ohio Rev. Code Section 5705.41(D)(1) for not properly encumbering.	No	Not Corrected. Reissued in the current audit as Finding Number 2008-003.
2007-005	A citation and material weakness was issued under Ohio Admin. Code Section 117-2-01(D) relating to the Airport Authority for the lack of policies, security of assets, and not providing sufficient accounting records.	No	Not Corrected. Reissued in the current audit as Finding Number 2008-004.
2007-006	A citation was issued under Ohio Dept. of Development, Office of Housing and Community Partnership Financial Management Rules and Regulations Handbook, Section (A)(3)(f) for not complying with the 15-day rule.	No	Not Corrected. Reissued in the current audit as Finding Number 2008-006.
2007-007	A material weakness was issued under 49 C.F.R. 18.20(b)(3) and 2 C.F.R. 215.21(b)(3) relating to the Airport Authority for lack of internal controls over federal program requirements.	No	Not Corrected. Reissued in the current audit as Finding Number 2008-007.
2007-008	A citation and significant deficiency was issued under Airport Improvement Program Handbook, Chapter 13, Section 1302, 49 C.F.R. Section 18.21 and 2 C.F.R. Section 215.22 for not minimizing the tie between receipt of funds and subsequent disbursement.	No	Partially Corrected. Reissued in a separate letter to management.

JACKSON 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	Due to financial constraints, the County is unable to determine when funds will be available to report on a GAAP basis.	Unknown	Clyde Holdren, County Auditor
2008-002	The County has converted the Bond Anticipation Notes to Bonds in 2009 so this will no longer be an issue after the 2009 audit.	January 1, 2010	Clyde Holdren, County Auditor
2008-003	Would have to hire a purchase order clerk; however, budget constraints have prohibited this.	Unknown	Clyde Holdren, County Auditor
2008-004	The County Commissioners took over financial oversight of the Airport in late 2009 and the receipts and disbursements will now be processed by the County Auditor.	January 1, 2010	Jackson County Commissioners Clyde Holdren, County Auditor
2008-005	This Finding for Recovery was repaid under audit.	November 16, 2009	Jackson County Commissioners
2008-006	The County will work with CDC of Ohio to ensure compliance with the 15-day rule.	January 1, 2010	Jackson County Commissioners
2008-007	The County Commissioners took over financial oversight of the Airport in late 2009 and the receipts and disbursements will now be processed by the County Auditor.	January 1, 2010	Jackson County Commissioners Clyde Holdren, County Auditor



Mary Taylor, CPA
Auditor of State

FINANCIAL CONDITION

JACKSON 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
JANUARY 14, 2010**