

Madison County  
Madison County, Ohio

Single Audit

January 1, 2009 through December 31, 2009  
Fiscal Years Audited Under GAGAS: 2009



**Balestra, Harr & Scherer, CPAs, Inc.**

---

528 South West St, P.O. Box 687, Piketon, Ohio 45661 Phone: 740.289.4131 Fax: 740.289.3639





Mary Taylor, CPA  
Auditor of State

Board of County Commissioners  
Madison County  
P. O. Box 47  
1 North Main Street  
London, Ohio 43140

We have reviewed the *Independent Accountant's Report* of Madison County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2009 through December 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

November 9, 2010

**This Page is Intentionally Left Blank.**

**MADISON COUNTY**  
**TABLE OF CONTENTS**

<u>TITLE</u>	<u>PAGE</u>
Independent Accountant’s Report.....	1
Management’s Discussion and Analysis.....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets – Cash Basis.....	11
Statement of Activities – Cash Basis.....	12
Fund Financial Statements:	
Statement of Assets and Fund Balances – Cash Basis .....	13
Statement of Cash Receipts, Cash Disbursements and Changes in Cash Basis Fund Balances – Cash Basis .....	14
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – General Fund.....	15
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – MVGT Fund.....	16
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – Public Assistance Fund.....	17
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – DD Fund.....	18
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual (Budgetary Basis) – Municipal Court Special Projects Fund.....	19
Statement of Fund Net Assets – Proprietary Funds - Cash Basis.....	20
Statement of Cash Receipts, Disbursements and Changes in Fund Balance – Proprietary Funds – Cash Basis.....	21
Statement of Fiduciary Net Assets – Fiduciary Fund – Cash Basis.....	22
Notes to the Basic Financial Statements.....	23
Schedule of Federal Awards Expenditures.....	42
Notes to Schedule of Federal Awards Expenditures.....	45
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	46
Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.....	48
Schedule of Findings – OMB Circular A-133 .§ .505 .....	50
Schedule of Prior Audit Findings – OMB Circular A-133 § .315(b) .....	52



### Independent Accountant's Report

Board of Commissioners  
Madison County  
1 North Main Street  
London, Ohio 43140

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Madison County, Ohio, (the County) as of and for the year ended December 31, 2009, 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 Matco Industries, Inc., which is included as a discrete presentation in the County's basic financial statements. These financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion insofar as it relates to the amounts included for Matco Industries, Inc., is based solely on the report of 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' *Governmental Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provides a reasonable basis for our opinions.

Ohio Administrative Code § 117-2-03 (B) requires the County to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 2, the accompanying financial statements and notes follow the cash 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.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Madison County as of December 31, 2009, and the respective changes in cash financial position and the respective budgetary comparisons for the General, Motor Vehicle Gasoline Tax, Public Assistance, DD General, and Municipal Court-Special Projects funds thereof, for the year then ended in conformity with basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2010, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 Government 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 accompanying schedule of federal awards expenditures is required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. We subjected the schedule of federal awards expenditures to the auditing procedures applied in the audit of the 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.



Balestra, Harr & Scherer, CPAs, Inc.  
August 24, 2010

**Madison County**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2009  
Unaudited

The discussion and analysis of Madison County's financial performance provides an overview of the County's financial activities for the fiscal year ended December 31, 2009, within the limitations of the County's cash basis of accounting. Please read this in conjunction with the County's financial statements that begin on page 11.

**Financial Highlights**

Key financial highlights for 2009 are as follows:

**Overall:**

Total net assets decreased by \$975,643 with Governmental Activities decreasing by \$972,248 and Business-Type Activities decreasing by \$3,395.

Total cash receipts were \$33,601,977 in 2009.

Total cash disbursements were \$34,577,620 in 2009.

**Governmental Activities:**

Total program cash receipts were \$19,637,457 in 2009, while program cash disbursements were \$33,068,157.

Program cash disbursements were primarily composed of Human Services, Legislative and Executive, Health, Public Works, Capital Outlay and Public Safety related cash disbursements which were \$6,881,869, \$6,376,474, \$4,909,051, \$4,438,606, \$3,611,079 and \$3,392,165, respectively in 2009.

**Business-Type Activities:**

Program cash receipts were \$1,474,227 for Business-Type Activities, while corresponding cash disbursements were \$1,509,463.

**Using this Basic Financial Report**

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

The Statement of Net Assets-cash basis and Statement of Activities-cash basis provide information about the activities of the whole County, presenting both an aggregate view of the County's cash basis finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term and what remains for future spending. The fund financial statements also look at the County's most significant funds with all other non-major funds presented in total in one column. In the case of Madison County, the General Fund, the Motor Vehicle Gasoline Tax Fund, the Public Assistance Fund, the DD General Fund and the Municipal Court-Special Projects Fund are the most significant funds and have been presented as major funds.



**Madison County**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2009  
Unaudited

**Reporting the County as a Whole**

**Statement of Net Assets and the Statement of Activities**

While this document contains the large number of funds used by the County to provide programs and activities, the view of the County as a whole looks at all cash basis financial transactions and asks the question, "How did we do financially during 2009?" The Statement of Net Assets and the Statement of Activities report information about the County as a whole and about its activities in a way that helps answer this question. These statements include only net assets using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid. These two statements report the County's net assets and changes in those assets. This change in net assets is important because it tells the reader whether, for the County as a whole, the cash basis financial position of the County has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the County's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, mandated federal and state programs and other factors.

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

In the Statement of Net Assets and the Statement of Activities, the County is divided into three distinct kinds of activities:

**Governmental Activities** - Most of the County's programs and services are reported here including general government, public safety, public works, health, human services, conservation and recreation, capital outlay, and debt service.

**Business-Type Activities** - These services are provided on a charge for goods or services basis to recover all of the cash disbursements of goods or services provided. The County's wastewater treatment program and airport operations are reported as business activities.

**Component Unit Activities** – Although Matco Industries, Inc. is a separate legal entity, the County includes their activities since the County is financially accountable for this entity.

**Madison County**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2009  
Unaudited

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

**Fund Financial Statements**

The analysis of the County's major funds begins on page 9. Fund financial Statements provide detailed information about the County's major funds. The County uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the County's most significant funds. The County's most significant funds that have been presented as major governmental funds are the General Fund, the Motor Vehicle Gasoline Tax Fund, the Public Assistance Fund, the DD General Fund, and the Municipal Court-Special Projects Fund.

**Governmental Funds**

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

**Proprietary Funds**

The County's proprietary funds use the same basis of accounting (cash basis) as governmental fund activities; therefore, these statements will essentially match the information provided in statements for the County as a whole.

**Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The County's only fiduciary funds are agency funds. Only the cash held at year end for the agency funds are reported.

**Madison County**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2009  
Unaudited

**The County as a Whole**

Recall that the Statement of Net Assets provides the perspective of the County as a whole. Table 1 provides a summary of the County's Net Assets for 2009 compared to the prior year:

Table 1

<b>ASSETS</b>	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
Equity in Pooled Cash & Cash Equivalents	<u>\$14,053,716</u>	<u>\$ 15,025,964</u>	<u>\$880,667</u>	<u>\$ 884,062</u>	<u>\$14,934,383</u>	<u>\$ 15,910,026</u>
 Total Assets	 <u>\$14,053,716</u>	 <u>\$ 15,025,964</u>	 <u>\$880,667</u>	 <u>\$ 884,062</u>	 <u>\$14,934,383</u>	 <u>\$ 15,910,026</u>
 <b>NET ASSETS</b>						
Restricted for:						
Debt Service	\$45,521	\$ 63,169	\$ -	\$ -	\$45,521	\$63,169
Capital Projects	1,366,550	1,445,043	-	-	1,366,550	1,445,043
Children's Services	1,041,410	948,650	-	-	1,041,410	948,650
Felony Delinquency	123,654	640,860	-	-	123,654	640,860
Municipal Court-Special Projects	2,062,613	1,865,382	-	-	2,062,613	1,865,382
MVGT	1,283,720	1,941,989	-	-	1,283,720	1,941,989
Public Assistance	561,567	463,265	-	-	561,567	463,265
DD	1,494,677	1,127,157	-	-	1,494,677	1,127,157
Other Purposes	4,141,039	3,836,054	-	-	4,141,039	3,836,054
Unrestricted	<u>1,932,965</u>	<u>2,694,395</u>	<u>880,667</u>	<u>884,062</u>	<u>2,813,632</u>	<u>3,578,457</u>
 Total Net Assets	 <u>\$14,053,716</u>	 <u>\$ 15,025,964</u>	 <u>\$880,667</u>	 <u>\$ 884,062</u>	 <u>\$14,934,383</u>	 <u>\$ 15,910,026</u>

Total assets and net assets decreased by \$975,643 from 2008 to 2009.

\$ 12,120,751 of the County's net cash assets are subject to external restrictions on how it may be used. The remaining balance of government-wide unrestricted net cash assets of \$1,932,965 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.

**Madison County**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2009  
Unaudited

Table 2 shows changes in Net Assets for fiscal year 2009 and 2008.

**Table 2**

	2009			2008		
	Governmental Activities	Business-Type Activities	Totals	Governmental Activities	Business-Type Activities	Totals
<b>Cash Receipts</b>						
Program Cash Receipts						
Charges for Services	\$ 3,757,880	\$ 723,919	\$ 4,481,799	\$ 4,077,039	\$ 1,627,045	\$ 5,704,084
Operating Grants & Contributions	15,371,797	72,604	15,444,401	15,703,506	150,649	15,854,155
Capital Grants & Contributions	507,780	677,704	1,185,484	529,631	-	529,631
<b>Total Program Receipts</b>	<b>19,637,457</b>	<b>1,474,227</b>	<b>21,111,684</b>	<b>20,310,176</b>	<b>1,777,694</b>	<b>22,087,870</b>
General Cash Receipts & Transfers						
Property Taxes Levied for General Purposes	6,261,276	-	6,261,276	5,594,483	-	5,594,483
Sales Taxes	3,849,838	-	3,849,838	4,692,684	-	4,692,684
Grants & Entitlements not Restricted to Specific Programs	1,753,580	-	1,753,580	1,662,611	-	1,662,611
Proceeds of Notes	274,843	-	274,843	131,198	-	131,198
Proceeds of Bonds	-	-	-	155,000	-	155,000
Transfers In (out)	(907)	907	-	(19,030)	19,030	-
Interest Receipts	109,100	8,272	117,372	487,055	18,507	505,562
Miscellaneous	210,722	22,662	233,384	97,375	-	97,375
<b>Total General Cash Receipts &amp; Transfers</b>	<b>12,458,452</b>	<b>31,841</b>	<b>12,490,293</b>	<b>12,801,376</b>	<b>37,537</b>	<b>12,838,913</b>
<b>Total Cash Receipts &amp; Transfers</b>	<b>32,095,909</b>	<b>1,506,068</b>	<b>33,601,977</b>	<b>33,111,552</b>	<b>1,815,231</b>	<b>34,926,783</b>
<b>Cash Disbursements</b>						
Program Cash Disbursements						
General Government						
Legislative & Executive	6,376,474	-	6,376,474	6,978,876	-	6,978,876
Judicial	2,468,756	-	2,468,756	2,347,528	-	2,347,528
Public Safety	3,392,165	-	3,392,165	3,070,754	-	3,070,754
Public Works	4,438,606	-	4,438,606	4,911,976	-	4,911,976
Health	4,909,051	-	4,909,051	5,060,606	-	5,060,606
Human Services	6,881,869	-	6,881,869	7,501,347	-	7,501,347
Conservation & Recreation	230,541	-	230,541	356,384	-	356,384
Miscellaneous	9,541	-	9,541	-	-	-
Capital Outlay	3,611,079	-	3,611,079	2,874,899	-	2,874,899
Debt Service						
Principal Retirement	558,427	-	558,427	568,960	-	568,960
Interest & Fiscal Charges	191,648	-	191,648	190,313	-	190,313
<b>Total Program Cash Disbursements</b>	<b>33,068,157</b>	<b>-</b>	<b>33,068,157</b>	<b>33,861,643</b>	<b>-</b>	<b>33,861,643</b>
Business - Type Activities Disbursements						
Airport Operations	-	346,278	346,278	-	594,546	594,546
Wastewater Treatment	-	1,163,185	1,163,185	-	1,087,805	1,087,805
<b>Total Business - Type Activities Disbursements</b>	<b>-</b>	<b>1,509,463</b>	<b>1,509,463</b>	<b>-</b>	<b>1,682,351</b>	<b>1,682,351</b>
<b>Total Cash Disbursements</b>	<b>33,068,157</b>	<b>1,509,463</b>	<b>34,577,620</b>	<b>33,861,643</b>	<b>1,682,351</b>	<b>35,543,994</b>
<b>Increase (Decrease) in Net Cash Assets</b>	<b>(972,248)</b>	<b>(3,395)</b>	<b>(975,643)</b>	<b>(750,091)</b>	<b>132,880</b>	<b>(617,211)</b>
Net Cash Assets at Beginning of Year	15,025,964	884,062	15,910,026	15,776,055	751,182	16,527,237
Net Cash Assets at End of Year	\$ 14,053,716	\$ 880,667	\$ 14,934,383	\$ 15,025,964	\$ 884,062	\$ 15,910,026

**Madison County**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2009  
Unaudited

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall monies generated by a voted levy do not increase solely as a result of inflation. Thus, the County's dependence upon property taxes is hampered by a lack of tax growth and it must return to voters to maintain a constant level of service. Property taxes and sales taxes made up 20 percent and 12 percent, respectively, of cash receipts for governmental activities for Madison County in fiscal year 2009. Operating grants and contributions made up 48 percent of cash receipts for governmental activities for the County.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax receipts and unrestricted State entitlements. The dependence upon tax receipts and intergovernmental monies for governmental activities is apparent. Almost 92 percent of human services activities are supported through charges for services and operating grants and contributions; for all governmental activities general cash receipts and transfers support is 38 percent as shown in Table 2. The taxpayers and the State of Ohio, as a whole, provide the vast majority of resources for Madison County. Table 3 below shows the total and net cost of services (on a cash basis) for the County.

**Table 3**  
Total Cost of Program Services  
Governmental Activities and Business – Type Activities

	<b>Total Cost of Service</b>		<b>Net Cost of Service</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
<b>Governmental Activities</b>				
General Government				
Legislative & Executive	\$ 6,376,474	\$ 6,978,876	\$ 4,373,166	\$ 4,717,123
Judicial	2,468,756	2,347,528	1,947,383	1,819,095
Public Safety	3,392,165	3,070,754	2,459,250	2,133,772
Public Works	4,438,606	4,911,976	(1,257,247)	(900,262)
Health	4,909,051	5,060,606	2,113,241	2,500,615
Human Services	6,881,869	7,501,347	541,691	921,440
Conservation & Recreation	230,541	356,384	188,465	286,128
Miscellaneous	9,541	-	7,305	-
Capital Outlay	3,611,079	2,874,899	2,634,328	1,514,033
Debt Service:				
Principal Retirement	558,427	568,960	328,664	436,804
Interest & Fiscal Charges	191,648	190,313	94,454	122,719
<b>Total Governmental Activities</b>	<b>33,068,157</b>	<b>33,861,643</b>	<b>13,430,700</b>	<b>13,551,467</b>
<b>Business - Type Activities</b>				
Airport Operations	346,278	594,546	(19,745)	(1,499)
Wastewater Treatment	1,163,185	1,087,805	54,981	(93,844)
<b>Total Business - Type Activities</b>	<b>\$ 1,509,463</b>	<b>\$ 1,682,351</b>	<b>\$ 35,236</b>	<b>\$ (95,343)</b>

**Madison County**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2009  
Unaudited

**Business-Type Activities**

Business-type activities include wastewater treatment services and a County-owned airport.

Overall Net Assets decreased \$3,395 from 2008 to 2009. Mainly program cash receipts support business-type activities and during 2009 program cash receipts were exceeded by program cash disbursements.

**The County's Funds**

The County's Funds Information about the County's major funds starts on page 13. These funds are accounted for using the cash basis of accounting. All governmental funds had total cash receipts and other financing sources of \$32,645,916 and cash disbursements and other financing uses of \$33,618,164. The net change in fund balance for the year was most significant in the General Fund cash balance which went from \$2,694,395 in 2008 to \$1,932,965 for 2009. This net change in fund balance was (\$761,430). The net change in fund balance in the Motor Vehicle Gasoline Tax Fund was (\$658,269). The net change in fund balance in the Public Assistance Fund was \$98,302. The net change in fund balance in the DD General Fund was \$367,520. The net change in the Municipal Court-Special Projects Fund was \$197,231.

**General Fund Budgeting Highlights**

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

For the General fund, the original budget estimate and the final budget basis receipts and other financing sources were \$11,045,000 and \$10,500,000, respectively. The decreases from the original budget to the final budget were primarily due to a reduction in interest income which was partially offset by increases in intergovernmental receipts and all other receipts.

Total actual disbursements and other financing uses on the budget basis (cash outlays plus encumbrances) were \$11,635,224, \$764,053 more than cash receipts.

**Capital Assets and Debt Administration**

**Capital Assets**

The County does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements. The County had capital outlay disbursements of \$3,611,079 in governmental funds and \$34,630 in proprietary funds during 2009.

**Debt**

Under the cash basis of accounting the County does not report bonds, long-term notes or short-term notes in the accompanying basis financial statements. However, in order to provide information to the readers of this report, we are providing the following detailed information about bonds, long-term notes and short-term notes. At December 31, 2009, the County had \$4,019,077 in bonds and related long-term debt for Governmental Activities and \$7,702,859 in bonds and related long-term debt for Business-Type Activities.

**Madison County**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2009  
Unaudited

Table 4 summarizes long-term obligations outstanding for the past two years:

**Table 4**  
Outstanding Debt at December 31

	<u>2009</u>	<u>2008</u>
Government Activities:		
General Obligation Bonds	\$863,509	\$993,509
Special Revenue Bonds	2,373,061	2,708,941
Debt Service Bonds	183,309	239,368
Tax Increment Financing Bonds	132,109	155,000
Special Assessment Bonds	192,246	205,843
Installment-Caterpillar tractor	<u>274,843</u>	<u>0</u>
Total Governmental Activities Debt	4,019,077	4,302,661
Business – Type Activities:		
OWDA Loans	7,510,044	7,793,844
OPWC Loan	<u>192,815</u>	<u>204,866</u>
Total Business – Type Activities Debt	<u>7,702,859</u>	<u>7,998,710</u>
<b>Total Outstanding Debt</b>	<b><u>\$11,721,936</u></b>	<b><u>\$12,301,371</u></b>

**Current Financial Related Activities**

Madison County is strong financially at the present time. However, as the preceding information shows, the County heavily depends on its property taxpayers as well as intergovernmental monies.

Since the property tax receipts do not grow at the same level as inflation, the County will be faced with significant challenges over the next several years to contain costs and ultimately determine what options are available to the County to increase financial resources.

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

**Contacting the County's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the County's cash basis finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Jim Williamson, County Auditor at Madison County, 1 North Main Street, London, Ohio 43140. Or e-mail at [auditor@co.madison.oh.us](mailto:auditor@co.madison.oh.us).

**Madison County**  
**Statement of Net Assets - Cash Basis**  
**As of December 31, 2009**

	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Matco Industries, Inc.</u>
ASSETS:				
Equity in Pooled Cash and Cash Equivalents	\$ 14,053,716	\$ 880,667	\$ 14,934,383	\$ 621,510
<i>Total Assets</i>	<u>14,053,716</u>	<u>880,667</u>	<u>14,934,383</u>	<u>621,510</u>
NET ASSETS:				
Restricted for:				
Debt Service	45,521	-	45,521	-
Capital Projects	1,366,550	-	1,366,550	-
Children Services	1,041,410	-	1,041,410	-
Felony Delinquency	123,654	-	123,654	-
Municipal Court Special Projects	2,062,613	-	2,062,613	-
Motor Vehicle-Gas Tax	1,283,720	-	1,283,720	-
Public Assistance	561,567	-	561,567	-
DD	1,494,677	-	1,494,677	-
Other Purposes	4,141,039	-	4,141,039	-
Unrestricted	<u>1,932,965</u>	<u>880,667</u>	<u>2,813,632</u>	<u>621,510</u>
<i>Total Net Assets</i>	<u>\$ 14,053,716</u>	<u>\$ 880,667</u>	<u>\$ 14,934,383</u>	<u>\$ 621,510</u>

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



**Madison County**  
**Statement of Activities - Cash Basis**  
**For the Year Ended December 31, 2009**

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets			Component Unit
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Matco Industries, Inc.
<b>Governmental Activities:</b>								
<b>General Government:</b>								
Legislative and Executive	\$ 6,376,474	\$ 1,724,972	\$ 278,336	\$ -	\$ (4,373,166)	\$ -	\$ (4,373,166)	\$ -
Judicial	2,468,756	506,373	15,000	-	(1,947,383)	-	(1,947,383)	-
Public Safety	3,392,165	452,500	480,415	-	(2,459,250)	-	(2,459,250)	-
Public Works	4,438,606	158,950	5,157,681	379,222	1,257,247	-	1,257,247	-
Health	4,909,051	146,330	2,649,480	-	(2,113,241)	-	(2,113,241)	-
Human Services	6,881,869	176,460	6,163,718	-	(541,691)	-	(541,691)	-
Conservation and Recreation	230,541	42,076	-	-	(188,465)	-	(188,465)	-
Capital Outlay	3,611,079	406,552	503,588	66,611	(2,634,328)	-	(2,634,328)	-
Miscellaneous	9,541	-	-	2,236	(7,305)	-	(7,305)	-
<b>Debt Service:</b>								
Principal Retirement	558,427	101,508	83,094	45,161	(328,664)	-	(328,664)	-
Interest and Fiscal Charges	191,648	42,159	40,485	14,550	(94,454)	-	(94,454)	-
<b>Total Governmental Activities</b>	<b>33,068,157</b>	<b>3,757,880</b>	<b>15,371,797</b>	<b>507,780</b>	<b>(13,430,700)</b>	<b>-</b>	<b>(13,430,700)</b>	<b>-</b>
<b>Business-Type Activities:</b>								
Airport Operations	346,278	293,419	72,604	-	-	19,745	19,745	-
Wastewater Treatment	1,163,185	430,500	-	677,704	-	(54,981)	(54,981)	-
<b>Total Business-Type Activities</b>	<b>1,509,463</b>	<b>723,919</b>	<b>72,604</b>	<b>677,704</b>	<b>-</b>	<b>(35,236)</b>	<b>(35,236)</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 34,577,620</b>	<b>\$ 4,481,799</b>	<b>\$ 15,444,401</b>	<b>\$ 1,185,484</b>	<b>(13,430,700)</b>	<b>(35,236)</b>	<b>(13,465,936)</b>	<b>-</b>
<b>Component Unit:</b>								
Matco Industries, Inc.	1,947,022	1,605,895	-	-	-	-	-	(341,127)
<b>Total Component Unit</b>	<b>\$ 1,947,022</b>	<b>\$ 1,605,895</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(341,127)</b>
<b>General Cash Receipts and Transfers</b>								
<b>Property Taxes Levied for:</b>								
General Purposes					6,261,276	-	6,261,276	-
Sales Taxes Levied for General Purposes					3,849,838	-	3,849,838	-
<b>Grants and Entitlements Not Restricted to Specific Programs</b>								
Proceeds of Notes					1,753,580	-	1,753,580	-
Interest Receipts					274,843	-	274,843	-
Miscellaneous					109,100	8,272	117,372	-
					210,722	22,662	233,384	-
<b>Total General Cash Receipts</b>					<b>12,459,359</b>	<b>30,934</b>	<b>12,490,293</b>	<b>-</b>
Transfers					(907)	907	-	-
<b>Total General Cash Receipts and Transfers</b>					<b>12,458,452</b>	<b>31,841</b>	<b>12,490,293</b>	<b>-</b>
<b>Change in Net Assets</b>					<b>(972,248)</b>	<b>(3,395)</b>	<b>(975,643)</b>	<b>(341,127)</b>
<b>Net Assets Beginning of Year</b>					<b>15,025,964</b>	<b>884,062</b>	<b>15,910,026</b>	<b>962,637</b>
<b>Net Assets End of Year</b>					<b>\$ 14,053,716</b>	<b>\$ 880,667</b>	<b>\$ 14,934,383</b>	<b>\$ 621,510</b>

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

Madison County  
*Statement of Assets and Fund Balances - Cash Basis*  
 Governmental Funds  
 As of December 31, 2009

	<u>General</u>	<u>Motor Vehicle Gasoline Tax</u>	<u>Public Assistance</u>	<u>DD General</u>	<u>Municipal Court- Special Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets							
Equity in Pooled Cash and Cash Equivalents	\$ 1,932,965	\$ 1,283,720	\$ 561,567	\$ 1,494,677	\$2,062,613	\$ 6,718,174	\$ 14,053,716
Fund Balances							
Reserved for Encumbrances	2,623	-	-	-	-	256,470	259,093
Unreserved, Undesignated (Deficit), Reported in:							
General Fund	1,930,342	-	-	-	-	-	1,930,342
Special Revenue Funds	-	1,283,720	561,567	1,494,677	2,062,613	5,049,633	10,452,210
Debt Service Funds	-	-	-	-	-	45,521	45,521
Capital Projects Funds	-	-	-	-	-	1,366,550	1,366,550
Total Cash Basis Fund Balances	<u>\$ 1,932,965</u>	<u>\$ 1,283,720</u>	<u>\$ 561,567</u>	<u>\$ 1,494,677</u>	<u>\$ 2,062,613</u>	<u>\$ 6,718,174</u>	<u>\$ 14,053,716</u>

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

**Madison County**  
**Statement of Cash Receipts,**  
**Cash Disbursements, and Changes in Cash Basis Fund Balances - Cash Basis - Governmental Funds**  
**For the Year Ended December 31, 2009**

	<u>General</u>	<u>Motor Vehicle Gasoline Tax</u>	<u>Public Assistance</u>	<u>DD General</u>	<u>Municipal Court-Special Projects</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Cash Receipts:</b>							
Taxes	\$ 6,928,390	\$ -	\$ -	\$ 2,485,559	\$ -	\$ 697,165	\$ 10,111,114
Charges for Services	1,506,426	-	-	-	-	930,901	2,437,327
Licenses and Permits	50,005	-	-	-	-	173,649	223,654
Fines and Forfeitures	523,840	92,510	-	-	325,107	155,442	1,096,899
Intergovernmental	1,753,580	5,157,376	4,068,057	2,649,480	-	3,496,884	17,125,377
Special Assessments	-	-	-	-	-	507,780	507,780
Interest	90,354	1,653	-	-	-	17,093	109,100
Other	18,576	-	-	-	-	192,146	210,722
<b>Total Cash Receipts</b>	<b>10,871,171</b>	<b>5,251,539</b>	<b>4,068,057</b>	<b>5,135,039</b>	<b>325,107</b>	<b>6,171,060</b>	<b>31,821,973</b>
<b>Cash Disbursements:</b>							
<b>Current:</b>							
<b>General Government:</b>							
Legislative and Executive	5,381,111	-	-	-	-	995,363	6,376,474
Judicial	2,468,756	-	-	-	-	-	2,468,756
Public Safety	1,784,440	-	-	-	-	1,607,725	3,392,165
Public Works	364,038	3,698,249	-	-	-	376,319	4,438,606
Health	170,584	-	-	4,618,349	-	120,118	4,909,051
Human Services	966,853	-	3,885,475	-	-	2,029,541	6,881,869
Conservation and Recreation	230,541	-	-	-	-	-	230,541
Miscellaneous	-	-	-	-	-	9,541	9,541
Capital Outlay	31,819	2,136,329	84,280	49,170	127,876	1,181,605	3,611,079
<b>Debt Service:</b>							
Principal Retirement	-	217,283	-	-	-	341,144	558,427
Interest and Fiscal Charges	-	28,743	-	-	-	162,905	191,648
<b>Total Cash Disbursements</b>	<b>11,398,142</b>	<b>6,080,604</b>	<b>3,969,755</b>	<b>4,667,519</b>	<b>127,876</b>	<b>6,824,261</b>	<b>33,068,157</b>
<b>Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements</b>	<b>(526,971)</b>	<b>(829,065)</b>	<b>98,302</b>	<b>467,520</b>	<b>197,231</b>	<b>(653,201)</b>	<b>(1,246,184)</b>
<b>OTHER FINANCING SOURCES (USES):</b>							
Proceeds of Notes	-	274,843	-	-	-	-	274,843
Transfers In	-	-	-	-	-	546,606	546,606
Transfers Out	(234,459)	(101,553)	-	(100,000)	-	(111,501)	(547,513)
Advances In	-	-	-	-	-	2,494	2,494
Advances Out	-	(2,494)	-	-	-	-	(2,494)
<b>Total Other Financing Sources (Uses)</b>	<b>(234,459)</b>	<b>170,796</b>	<b>-</b>	<b>(100,000)</b>	<b>-</b>	<b>437,599</b>	<b>273,936</b>
<b>Net Change in Fund Cash Balances</b>	<b>(761,430)</b>	<b>(658,269)</b>	<b>98,302</b>	<b>367,520</b>	<b>197,231</b>	<b>(215,602)</b>	<b>(972,248)</b>
<b>Cash Basis Fund Balances, Beginning of Year</b>	<b>2,694,395</b>	<b>1,941,989</b>	<b>463,265</b>	<b>1,127,157</b>	<b>1,865,382</b>	<b>6,933,776</b>	<b>15,025,964</b>
<b>Cash Basis Fund Balances at End of Year</b>	<b>\$ 1,932,965</b>	<b>\$ 1,283,720</b>	<b>\$ 561,567</b>	<b>\$ 1,494,677</b>	<b>\$ 2,062,613</b>	<b>\$ 6,718,174</b>	<b>\$ 14,053,716</b>

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

**Madison County**  
*Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual (Budgetary Basis)*  
**For the Year Ended December 31, 2009**

<b>General Fund</b>				
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>BUDGETARY BASIS RECEIPTS:</b>				
Taxes	6,860,000	6,789,000	6,928,390	139,390
Charges for Services	1,104,000	928,475	1,506,426	577,951
Licenses and Permits	67,000	53,300	50,005	(3,295)
Fines and Forfeitures	570,000	495,000	523,840	28,840
Intergovernmental	1,235,000	1,404,125	1,753,580	349,455
Interest	689,000	85,000	90,354	5,354
Other	520,000	745,100	18,576	(726,524)
<b>TOTAL RECEIPTS</b>	<b>11,045,000</b>	<b>10,500,000</b>	<b>10,871,171</b>	<b>371,171</b>
<b>BUDGETARY BASIS DISBURSEMENTS:</b>				
General Government				
Legislative and Executive	5,408,615	5,586,450	5,383,734	202,716
Judicial	2,312,356	2,537,703	2,468,756	68,947
Public Safety	1,627,340	1,805,956	1,784,440	21,516
Public Works	372,580	372,580	364,038	8,542
Health	156,930	171,451	170,584	867
Human Services	915,241	1,016,986	966,853	50,133
Conservation and Recreation	271,491	238,806	230,541	8,265
Capital Outlay	35,551	38,567	31,819	6,748
<b>TOTAL DISBURSEMENTS</b>	<b>11,100,104</b>	<b>11,768,499</b>	<b>11,400,765</b>	<b>367,734</b>
Excess of Receipts Over (Under) Disbursements	(55,104)	(1,268,499)	(529,594)	738,905
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating Transfers-Out	(425,480)	(253,481)	(234,459)	19,022
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(425,480)</b>	<b>(253,481)</b>	<b>(234,459)</b>	<b>19,022</b>
Excess of Receipts Over (Under) Disbursements and Other Financing Uses	(480,584)	(1,521,980)	(764,053)	757,927
Fund Balance at Beginning of Year	2,694,395	2,694,395	2,694,395	-
Fund Balance at End of Year	<b>\$ 2,213,811</b>	<b>\$ 1,172,415</b>	<b>\$ 1,930,342</b>	<b>\$ 757,927</b>

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

**Madison County**  
*Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual (Budgetary Basis)*  
**For the Year Ended December 31, 2009**

**Motor Vehicle Gasoline Tax Fund**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>BUDGETARY BASIS RECEIPTS:</b>				
Fines and Forfeitures	\$ 55,000	\$ 60,000	\$ 92,510	\$ 32,510
Intergovernmental	5,473,977	5,710,816	5,157,376	(553,440)
Interest	-	32,000	1,653	(30,347)
Other	300	400	-	(400)
<b>TOTAL RECEIPTS</b>	<u>5,529,277</u>	<u>5,803,216</u>	<u>5,251,539</u>	<u>(551,677)</u>
<b>BUDGETARY BASIS DISBURSEMENTS:</b>				
Public Works	5,145,049	4,411,216	3,698,249	712,967
Capital Outlay	737,876	2,037,807	2,136,329	(98,522)
Principal Retirement	155,036	250,791	217,283	33,508
Interest and Fiscal Charges	24,686	35,172	28,743	6,429
<b>TOTAL DISBURSEMENTS</b>	<u>6,062,647</u>	<u>6,734,986</u>	<u>6,080,604</u>	<u>654,382</u>
Excess of Receipts Over (Under) Disbursements	(533,370)	(931,770)	(829,065)	102,705
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds of Notes	-	274,843	274,843	-
Transfers-Out	(64,401)	(105,895)	(101,553)	4,342
Advances-Out	-	-	(2,494)	(2,494)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(64,401)</u>	<u>168,948</u>	<u>170,796</u>	<u>1,848</u>
Excess of Receipts Over (Under) Disbursements and Other Financing Uses	(597,771)	(762,822)	(658,269)	104,553
Fund Balance at Beginning of Year	<u>1,941,989</u>	<u>1,941,989</u>	<u>1,941,989</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 1,344,218</u>	<u>\$ 1,179,167</u>	<u>\$ 1,283,720</u>	<u>\$ 104,553</u>

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

**Madison County**  
*Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual (Budgetary Basis)*  
**For the Year Ended December 31, 2009**

	<b>Public Assistance Fund</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>BUDGETARY BASIS RECEIPTS:</b>				
Intergovernmental	\$ 4,905,142	\$ 4,434,017	\$ 4,068,057	\$ (365,960)
<b>TOTAL RECEIPTS</b>	4,905,142	4,434,017	4,068,057	(365,960)
<b>BUDGETARY BASIS DISBURSEMENTS:</b>				
Human Services	4,715,000	4,685,000	3,885,475	799,525
Capital Outlay	75,000	105,000	84,280	20,720
<b>TOTAL DISBURSEMENTS</b>	4,790,000	4,790,000	3,969,755	820,245
Excess of Receipts Over (Under) Disbursements	115,142	(355,983)	98,302	454,285
Fund Balance at Beginning of Year	<u>463,265</u>	<u>463,265</u>	<u>463,265</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 578,407</u>	<u>\$ 107,282</u>	<u>\$ 561,567</u>	<u>\$ 454,285</u>

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

**Madison County**  
*Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual (Budgetary Basis)*  
**For the Year Ended December 31, 2009**

<b>DD General Fund</b>				
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>BUDGETARY BASIS RECEIPTS:</b>				
Taxes	\$ 2,400,000	\$ 2,400,000	\$ 2,485,559	\$ 85,559
Intergovernmental	2,470,000	2,394,500	2,649,480	254,980
<b>TOTAL RECEIPTS</b>	4,870,000	4,794,500	5,135,039	340,539
<b>BUDGETARY BASIS DISBURSEMENTS:</b>				
Health	4,939,800	4,939,800	4,618,349	321,451
Capital Outlay	63,000	63,000	49,170	13,830
<b>TOTAL DISBURSEMENTS</b>	5,002,800	5,002,800	4,667,519	335,281
Excess of Receipts Over (Under) Disbursements	(132,800)	(208,300)	467,520	675,820
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating Transfers-Out	-	-	(100,000)	(100,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	-	(100,000)	(100,000)
Excess of Receipts Over (Under) Disbursements and Other Financing Uses	(132,800)	(208,300)	367,520	575,820
Fund Balance at Beginning of Year	1,127,157	1,127,157	1,127,157	-
Fund Balance at End of Year	\$ 994,357	\$ 918,857	\$ 1,494,677	\$ 575,820

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

**Madison County**  
*Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual (Budgetary Basis)*  
**For the Year Ended December 31, 2009**

	<b>Municipal Court-Special Projects</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>BUDGETARY BASIS RECEIPTS:</b>				
Fines and Forfeitures	\$ -	\$ -	\$ 325,107	\$ 325,107
<b>TOTAL RECEIPTS</b>	<u>-</u>	<u>-</u>	<u>325,107</u>	<u>325,107</u>
<b>BUDGETARY BASIS DISBURSEMENTS:</b>				
Capital Outlay	-	130,843	127,876	2,967
<b>TOTAL DISBURSEMENTS</b>	<u>-</u>	<u>130,843</u>	<u>127,876</u>	<u>2,967</u>
Excess of Receipts Over (Under) Disbursements	-	(130,843)	197,231	328,074
Fund Balance at Beginning of Year	<u>1,865,382</u>	<u>1,865,382</u>	<u>1,865,382</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 1,865,382</u>	<u>\$ 1,734,539</u>	<u>\$ 2,062,613</u>	<u>\$ 328,074</u>

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



**Madison County**  
*Statement of Fund Net Assets - Proprietary Funds - Cash Basis*  
**As of December 31, 2009**

---

---

	<b>Other Enterprise Funds</b>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 880,667
<i>Total Assets</i>	<u>880,667</u>
Net Assets	
Unrestricted	<u>880,667</u>
<i>Total Net Assets</i>	<u>\$ 880,667</u>

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

**Madison County**  
**Statement of Cash Receipts, Cash Disbursements**  
**and Changes in Fund Balance - Proprietary Funds - Cash Basis**  
**For the Year Ended December 31, 2009**

	<b>Other Enterprise Funds</b>
<b>OPERATING CASH RECEIPTS:</b>	
Charges for Services	\$ 723,919
Special Assessments	677,704
Other Operating Receipts	22,662
<i>Total Operating Cash Receipts</i>	1,424,285
<b>OPERATING CASH DISBURSEMENTS:</b>	
Personal Services	325,401
Contract Services	417,464
Supplies & Materials	48,729
Capital Outlay	34,630
<i>Total Operating Cash Disbursements</i>	826,224
<i>Operating Cash Receipts Over (Under)</i>	
<i>Operating Cash Disbursements</i>	598,061
<b>Nonoperating Cash Receipts (Cash Disbursements)</b>	
Grants	72,604
Interest	8,272
Principal Retirement	(295,851)
Interest Expense & Fiscal Charges	(372,911)
Other Non-Operating Expense	(14,477)
<i>Total Nonoperating Cash Receipts (Cash Disbursements)</i>	(602,363)
<i>Changes in Net Cash Assets before Transfers</i>	(4,302)
Transfers-In	907
<i>Changes in Net Cash Assets</i>	(3,395)
Net Cash Assets at Beginning of Year	884,062
<i>Net Cash Assets at End of Year</i>	\$ 879,760

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

**Madison County**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Fund - Cash Basis**  
**December 31, 2009**

---

---

	<u><b>Agency Funds</b></u>
ASSETS:	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 3,785,347</u>
<i>Total Assets</i>	<u><u>3,785,347</u></u>
<i>Total Net Assets</i>	<u><u>\$ 3,785,347</u></u>

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

**MADISON COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009**

**1. REPORTING ENTITY**

Madison County is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the Ohio constitution and laws. The County operates under the direction of a three-member elected Board of County Commissioners. Other officials elected by the voters of the County that manage various segments of the County's operations are the Auditor, Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, a Common Pleas Court Judge, a Probate Juvenile Court Judge, and a Municipal Court Judge.

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 service for the entire County.

Management believes the financial statements included in this report represent all of the funds of the County over which the County has the ability to exert direct operating control, except as described below.

The reporting entity is comprised of the primary government and other organizations that are included to ensure that the financial statements of the County are not misleading.

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the County. For Madison County, this includes the Madison County Board of Developmental Disabilities (DD); the Madison County Airport, Madison County Emergency Management Agency (EMA) and other departments and activities that are directly operated by elected County officials.

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) the County is able to significantly influence the programs or services performed to 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 responsible 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 on the County in that the County approves the budget, the issuance of debt, or the levying of taxes.

**Component unit**

Matco Industries Incorporated (MATCO) is a legally separate, not-for-profit corporation served by a self appointed board of trustees. MATCO, under a contractual agreement with the Madison County Board of DD provides sheltered employment for developmentally disabled adults in Madison County. Based on significant resources provided by the County and MATCO's sole purpose of providing assistance to the developmentally disabled adults of Madison County, MATCO is a component unit of Madison County. MATCO received \$918,125 from the Madison County Board of DD for contractual services for the year ended December 31, 2009. Separately issued financial statements can be obtained from MATCO.

**Separate Agencies**

In the case of the separate agencies and districts listed below, the County serves as fiscal agent but the organizations are not considered part of Madison County. Accordingly, the activity of the following organizations is presented as agency funds within the financial statements:

Madison County – London City General Health District  
Madison County Soil and Water Conservation District  
Madison County Family and Children First Council  
Madison County Law Library Association

**MADISON COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009**

**1. REPORTING ENTITY (CONTINUED)**

**Other Organizations**

The County is associated with certain organizations which are defined as joint ventures or jointly governed organizations as defined by GASB Statement 14:

The Tri-County Corrections Board is a joint venture for the establishment of a central jail facility for the use of Champaign, Madison and Union Counties. The operation of the jail is controlled by a joint board whose membership consists of the sheriff, one judge, and one commissioner from each of the participating counties. Each County's ability to influence the operations of the jail is limited to their representation on the board. Each County is charged for their share of the operating costs of the Center based on the number of individuals from their County in attendance. The County has ongoing financial responsibility for this entity and, in 2009, contributed \$1,420,573 toward the operation of this facility. Champaign County has been appointed the fiscal agent for the joint venture. Complete financial statements of the joint venture may be obtained from the Champaign County Auditor, Champaign County Courthouse, 200 North Main Street, Urbana, Ohio 43078.

The Central Ohio Youth Center, formerly the Five-County Joint Juvenile Detention and Rehabilitation Center, is a jointly governed organization involving Union, Champaign, Delaware, and Madison Counties. The Center provides facilities for the training, treatment, and rehabilitation of delinquent, dependent, abused or neglected children and was established under Section 2151.34 of the Ohio Revised Code. The operation of the Center is controlled by a joint board of trustees whose membership consists of two appointees from the host County, Union, and one each from Champaign, Delaware and Madison Counties. Each County's ability to influence the operations of the Center is limited to their representation on the board of trustees. Appropriations are adopted by the joint board of trustees who exercise control over the operation, maintenance, and construction of the Center. Each County is charged for their share of the operating costs of the Center based on the number of individuals from their County in attendance. In 2009, the County's share of operating costs was \$338,446. Union County serves as the fiscal agent.

Madison County participates in a jointly governed Solid Waste Management District along with Allen, Champaign, Hardin, Shelby, and Union Counties. The District was established following the requirements of House Bill 592. The board of directors consists of County Commissioners from each County. Each County's ability to influence the operations of the District is limited to their representation on the board of directors. The original funding for the District was contributed by each County based on its population compared to the total population for all participating counties. It is the intent of the District to be self-supporting. Allen County, the largest of the six Counties, is fiscal agent of the District.

The Madison County Park District is defined as a related organization to the County. The County's probate judge appoints its board members and the County is its fiscal agent. Activities of the Park District are reflected as an agency fund of the County. In 2009, the County made a distribution of \$5,000 to the Park District.

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

**MADISON COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These basic financial statements are presented on a cash basis of accounting. The cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). The County follows Government Accounting Standards Board (GASB) pronouncements and Accounting Principles Board (APB) opinions to the extent they are applicable to the County's cash basis of accounting. APB opinions issued on or before November 30, 1989, have been applied to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The County has elected to follow subsequent GASB guidance, rather than private-sector guidance issued after November 30, 1989. Following are the more significant of the County's accounting policies.

**A. Basis of Presentation**

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

**Government-wide Financial Statements**

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

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

The Government-wide Financial Statements also display information regarding one legally separate entity or component unit, for which the County is fiscally responsible. This component unit is Matco Industries, Inc. and is described further in these notes to the financial statements.

**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 fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

**B. Basis of Accounting**

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

**MADISON COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

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

**B. Basis of Accounting (Continued)**

when a commitment is made (i.e., when an encumbrance is approved). These statements include adequate disclosure of material matters, in accordance with the cash basis of accounting.

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

For comparability purposes, the component unit's financial information has been presented on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP).

**C. Fund Accounting**

The County's accounts are maintained on the basis of funds, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate compliance and to aid management by segregating transactions related to specific County functions or activities. The operation of each fund is accounted for within a separate set of self-balancing accounts.

**Governmental Funds**

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which that may or must be used. Cash disbursements are assigned to the fund from which they are paid. The difference between governmental fund assets and cash disbursements is reported as fund balance. The following are the County's major governmental funds:

**General Fund**

The General Fund is the operating fund of the County and is used to account for all financial resources except those required by law or contract to be accounted for in another fund. The General Fund 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 Fund**

The Motor Vehicle Gasoline Tax Special Revenue Fund is a major special revenue fund that accounts for monies received from state gasoline tax and motor vehicle registration fees designated for maintenance and repair of roads and bridges.

**Public Assistance Fund**

The Public Assistance Special Revenue Fund is a major special revenue fund that accounts for various federal and state grants as well as transfers from the General Fund used to provide public assistance to general relief recipients, pay their providers of medical assistance, and for certain public social services.

**MADISON COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009**

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

**DD General Fund**

The DD General Special Revenue Fund is a major special revenue fund that accounts for various federal and state grants and a property tax levy used to provide assistance and training to developmentally disabled individuals.

**Municipal Court-Special Projects Fund**

The Municipal Court Special Projects Fund is a major special revenue fund that accounts for fines and forfeitures revenue to provide for the current services to the community and the future expansion of the municipal court .

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

**Proprietary Funds**

The proprietary funds are used to account for the County's ongoing activities which are similar to those found in the private sector. Enterprise funds are the County's only proprietary fund types.

**Enterprise Funds**

These funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination or revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The County's enterprise funds are used to account for airport operations and wastewater treatment. There were no major enterprise funds for 2009.

**Fiduciary Funds**

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

**Agency Funds**

Agency funds are held in a purely custodial capacity by the County as fiscal agent for other entities, and for various taxes, state-shared revenues and fines and forfeitures collected on behalf of and distributed to other local governments. Agency fund transactions typically involve only the receipt, temporary investment and distributions of these fiduciary resources.



**MADISON COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

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

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

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

Non-exchange transactions, in which the County receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On a cash basis, receipts from property taxes are recognized in the year in which the taxes are received. Receipts from grants, entitlements and donation are recognized in the year in which the monies have been received.

**E. Cash Disbursements**

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

**F. Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted annually.

**Budget**

In accordance with Section 5747.53 of the Ohio Revised Code, the County Budget Commission has provided for the apportionment of undivided local government funds under an alternative method that has been approved by governmental subdivisions within the County. Under this alternative method, the County Budget Commission has waived the requirement for the Taxing Authority of a subdivision to adopt a tax budget.

**Estimated Resources**

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

**Appropriations**

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

The allocation of appropriations among departments and objects within a fund may be modified during the year only by a resolution of the County Commissioners. Several supplemental appropriation resolutions were legally enacted by the County Commissioners during the year. The final budget figures that appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

**MADISON COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

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

**Encumbrances**

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

**G. Property, Plant and Equipment**

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

**H. Unpaid Vacation, Personal and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the County.

**I. Long-term Obligations**

In general, bonds and long-term loans, and capital leases are not recognized as a liability in the basic financial statements under the cash basis of accounting, but are recorded as cash disbursements in the basic financial statements when paid.

**J. Net Cash Assets**

Net cash assets represent the difference between assets and liabilities. Net cash assets consist of cash reduced by cash disbursements for the current year. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws, or regulation of other governments. Restricted for Other Purposes is comprised of net assets restricted for grants. The County applies restricted resources when an expense is incurred for the purposes for which both restricted and unrestricted net assets are available. None of the County's restricted net assets of \$12,120,751 are restricted by enabling legislation.

**K. Cash and Cash Equivalents and Investments**

Cash and cash equivalents consist of the total of fund cash balances of all funds as of December 31, 2009. To improve cash management, cash received by the County is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. County funds are maintained in several checking accounts as well as invested in certificates of deposit with terms of one to twelve months and a money market fund account. Individual fund balance integrity is maintained through the County's records. Balances of all funds are maintained in these accounts or are temporarily used to purchase certificates of deposit or investments. All interest receipts are reported in the General Fund except those specifically related to those funds deemed appropriate according to Board of County Commissioners policy. For the calendar year 2009, interest receipts amounted to \$117,372, of which \$90,354 was recorded in the General Fund, \$1,653 was recorded in the Motor Vehicle Gasoline Tax Fund, \$361 was recorded in the I70/42 Sewer Usage Fund, \$9,961 was recorded in the Engineer Bond Retirement Fund, \$6,013 was recorded in the Ditch Maintenance Fund, \$128 was recorded in the Burr Oaks Sewer Usage Fund, \$16 was recorded in the Camp Wissalohican Sewer Maintenance Fund, \$7,767 was recorded in the Choctaw Lake Construction Fund, and \$1,119 was recorded in the Mary Statler Trust Fund.

**MADISON COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009**

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

The County records all its investments at cost. For presentation on the financial statements, investments of the cash management pool are considered to be cash equivalents. The County has invested in one money market fund with a cost of \$18,118,800 during the calendar year 2009.

Investments with original maturities of three months or less at the time they are purchased by the County are reported as cash equivalents.

**L. Operating Cash Receipts and Cash Disbursements**

Operating cash receipts are those cash receipts that are generated directly from the primary activities of the proprietary funds. For the County, these receipts are charges for services for sewer and airport activities. Operating cash disbursements are necessary costs incurred to provide the goods or services that are the primary activities of the funds. Cash receipts and disbursements not meeting these definitions are reported as non-operating.

**M. Fund Balance Reserves**

The County reserves those portions of fund balances which are legally segregated for a specific future use of which do not represent available, spendable resources and therefore are not available for appropriations or expenditures. Fund balance reserves have been established for encumbrances.

**N. Interfund Transactions**

Exchange transactions between funds are reported as cash receipts in the seller funds and as cash disbursements in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented on the financial statements. In the government-wide financial statements transfers within governmental activities or within business type activities are eliminated. Transfers between governmental activities and business type activities are shown the same manner as general revenue.

**3. DEPOSITS AND INVESTMENTS**

The County maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments.

Statutes require the classification of money held by the County into two categories. Active monies means the amount of public monies determined to be necessary to meet current demands upon the County treasury. Active monies must be either as cash in the County treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Monies held by the County that are not considered active are classified as inactive. Inactive monies may be invested or deposited in the following securities:

1. United States Treasury bills, notes, or other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States, or any book entry, zero coupon United States Treasury security that is a direct obligation of the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality;

**MADISON COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009**

**4. DEPOSITS AND INVESTMENTS (CONTINUED)**

3. Written repurchase and reverse repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio, its political subdivisions;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No load money market mutual funds;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to simultaneously exchange either securities or cash, equal value for equal value;
9. Commercial paper notes, corporate notes and banker's acceptances; and
10. Debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government. All interest and principal shall be denominated and payable in United States funds.

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

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

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

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

The County had cash on hand of \$136,478 as of December 31, 2009. The County's bank balance was \$19,523,853. The entire bank balance was either covered by FDIC or collateralized in accordance with the provisions identified in the preceding paragraph.

**MADISON COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009**

**5. DEBT OBLIGATIONS**

Under the cash basis of accounting, debt obligations are not reported as a liability in the accompanying basic financial statements. Debt obligations are reported for informational purposes only. However, information regarding such changes in the County's long-term obligations during 2009 is as follows:

	<u>Balance</u> <u>12/31/2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2009</u>	<u>Due in</u> <u>One Year</u>
<b>Governmental Activities Debt</b>					
Human Services Building					
Refunding Bonds 3.2%	\$993,509	0	130,000	863,509	\$130,000
Engineer's Building					
Construction Bonds 3.4%	2,065,000	0	130,000	1,935,000	140,000
PC Georgesville					
Road Improvement 4.10%	374,357	0	119,806	254,551	124,719
PC Georgesville					
Road Improvement 3.68%	84,360	0	41,418	42,942	42,942
Amity Pike Bridge					
Improvement Bonds	239,368	0	56,059	183,309	58,509
DD Energy					
Savings Note 1.99%	185,224	0	44,656	140,568	31,339
Charleston/Chillicothe					
TIF-4.82%	155,000		22,891	132,109	23,995
Caterpillar Tractor 3.89%	0	274,843	0	274,843	50,850
<b>Special Assessment Loans:</b>					
Woodsley Ditch	53,690	0	5,369	48,321	4,832
Ext #72-4.45%					
Weimer-Allison	20,955	0	3,698	17,257	3,698
Ext #34A-4.93%					
Harrison Ditch	30,198	0	4,530	25,668	3,850
Ext #16A- 4.73%					
Glade Run	61,000	0	0	61,000	7,712
Ditch Note 5.39%					
Vallery Ditch	40,000	0	0	40,000	5,044
Ext #95A Note 5.39%					
<b>Total Special Assessment Loans</b>	<u>205,843</u>	<u>0</u>	<u>13,597</u>	<u>192,246</u>	<u>25,136</u>
<b>Total Governmental Activities Debt</b>	<u>4,302,661</u>	<u>274,843</u>	<u>558,427</u>	<u>4,019,077</u>	<u>627,490</u>
<b>Business-Type Activities Debt</b>					
OWDA loans					
I70/US42 Sewer Construction					
7.55%	633,653	0	71,995	561,658	77,430
Burr Oaks Sewer Construction					
7.55%	136,110	0	17,015	119,095	18,300
Choctaw Lake Sewer					
Construction- 4.4%	6,945,885	0	192,489	6,753,396	201,051
Camp Wissalohican Sewer					
Construction- 6.41%	78,196	0	2,301	75,895	2,451
Total OWDA Loans	<u>7,793,844</u>	<u>0</u>	<u>283,800</u>	<u>7,510,044</u>	<u>299,232</u>
Choctaw Lake Sewer					
Construction OPWC-0%	204,866	0	12,051	192,815	12,051
<b>Total Business-Type Activities Debt</b>	<u>\$7,998,710</u>	<u>0</u>	<u>\$295,851</u>	<u>7,702,859</u>	<u>311,283</u>

**MADISON COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009**

**5. DEBT OBLIGATIONS (CONTINUED)**

The Special Assessment Loans outstanding at December 31 consist of notes and bonds issued for one to five year terms. Proceeds from these notes were used for land purchase, ditch construction, and related fees. Special assessments from property owners are used to pay this debt. However, the full faith, credit and revenue of the County are pledged for the payment of principal and interest.

The OWDA loans were issued by the Ohio Water Development Authority for construction of sewer districts in the Burr Oaks subdivision, the I-70/U.S. Route 42 Interchange, the Camp Wisslohican subdivision and the Choctaw Lake subdivision. The County has pledged future customer revenues, net of specified operating expenses, to repay this debt. The loans are payable, through their final maturities solely from net revenues applicable to these funds. Total interest and principal remaining to be paid on these loans is \$3,932,700 and \$7,510,044, respectively.

The Plain City-Georgesville Road Improvement Bonds were issued for the purpose of construction improvements to the Plain City-Georgesville Road Highway Improvement Project. Principal and interest payments on the bonds are paid from the Motor Vehicle Gas Tax Fund.

The OPWC loan was issued by the Ohio Public Works Commission for construction of the Choctaw Lake sewer district. This loan is interest-free. User fees charged to residents of this district are used to pay this debt.

In 1999, the County issued \$2,028,092 of current interest bonds to provide resources that were placed in an irrevocable trust for the purpose of paying for all future debt service payments on \$1,745,000 of debt originally issued in 1995 for the construction of a Human Services Building. As a result, the refunded bonds are considered fully defeased. This advanced refunding was undertaken to reduce total debt service payments over the next 24 years by \$227,813. Principal and interest payments on the bonds are paid from the Debt Service Fund.

The Engineer's Building Construction Bonds were issued for construction of an Engineering Facility. Building rentals and General Fund monies are used to pay this debt.

Amity Pike Bridge Improvement Bonds-These bonds were issued for the purpose of construction improvements to the Amity Pike Bridge Improvement Project.

The Madison County Board of Developmental Disabilities (DD) energy savings loan with Huntington National Bank was issued for the renovation and repair of the roof at the Fairhaven school. Principal and interest payments on the debt are paid from the DD Capital Fund.

The County obtained a loan in 2008 in the amount of \$155,000 at 4.82%. Proceeds from this loan were used for the reconstruction of the Charleston/Chillicothe Road. Proceeds from a Tax Increment Financing Agreement will be used to repay this debt.

On February 9, 2009, the Madison County Commissioners approved the equipment purchase agreement of a Caterpillar Excavator and to finance \$274,843 at a fixed rate of 3.89% for five years from Municipal Services Group, Inc. The proper insurance coverage requirements for public liability insurance were also obtained. An Amendment Agreement No. 1 was entered into on March 11, 2009 to include certain provisions of Ohio law which are required. The first principal payment for this installment purchase is due on March 11, 2010.

**MADISON COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

**5. DEBT OBLIGATIONS (CONTINUED)**

Annual debt service requirements to maturity for debt, including interest are as follows:

**Governmental Activities Debt:**

Year Ending December 31,	Principal	Interest	Total
2010	\$ 627,490	\$ 167,381	\$ 794,871
2011	596,984	145,349	742,333
2012	522,434	120,008	642,442
2013	448,004	96,198	544,202
2014	393,718	158,648	552,366
2015-2019	1,210,447	565,390	1,175,837
2020-2021	220,000	11,000	231,000
Total	<u>\$4,019,077</u>	<u>\$1,263,974</u>	<u>\$5,283,051</u>

**Business-Type Activities Debt:**

Year Ending December 31,	Principal	Interest	Total
2010	\$ 311,283	\$351,185	\$ 662,468
2011	327,614	334,854	662,468
2012	344,899	317,569	662,468
2013	363,197	299,271	662,468
2014	382,572	279,896	662,468
2015-2019	1,569,428	1,140,760	2,710,188
2020-2024	1,784,421	822,285	2,606,706
2025-2029	2,139,333	370,977	2,510,310
2030-2031	480,112	15,901	496,013
Total	<u>\$7,702,859</u>	<u>\$3,932,698</u>	<u>\$11,635,557</u>

In 2003, the Madison County Airport Authority entered into a loan agreement with the Madison County Board of Commissioners. The \$292,000 loan was for the renovation of the airport hangar. The loan is for 16 years at 5% interest. The monthly payment for this loan is \$2,345 which includes interest and principal. The principal and interest paid in 2009 was \$0 and \$10,526, respectively. As this is an inter-county loan agreement between the Board of Commissioners and the Airport Authority, the principal and interest is not included in the long term debt obligations of the County. The principal balance remaining as of December 31, 2009 is \$210,528.

**6. PROPERTY TAXES**

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

Real property taxes become a lien on all non-exempt real property located in the County on January 1. Real property taxes are payable semiannually. Historically in Madison County the first payment is due in mid-February with the remainder due in mid-June of the following year. Under certain circumstances, state permits later payment dates to be established.

**MADISON COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009**

**6. PROPERTY TAXES (CONTINUED)**

The full tax rate applied to real property for calendar year 2009 was \$10.60 per \$1,000 of assessed valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$9.08 per \$1,000 of assessed valuation for real property classified as residential/agricultural and \$9.26 per \$1,000 of assessed valuation for all other real property. Real property owners' tax bills are further reduced by homestead and rollback deductions, when applicable. The amount of these reductions is reimbursed to the County by the State of Ohio.

Owners of tangible personal property are required to file a list of such property including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property for calendar year 2009 was \$10.60 per \$1,000 of assessed valuation.

The assessed values upon which fiscal year 2009 taxes were collected are:

Residential/Agricultural	\$691,449,430
Commercial/Industrial	125,204,640
Other Real Property	263,430
General Personal Property	26,092,800
Public Utilities Personal Property	<u>27,551,270</u>
Total Assessed Valuation	<u>\$870,561,570</u>

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

**7. PERMISSIVE SALES AND USE TAX**

The County Commissioners, by resolution, imposed a 1.25 percent tax on all retail sales, except sales of motor vehicles, made in the County, or on the storage, use, or consumption of tangible personal property in the County, including automobiles. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies to the State Auditor the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month. The State Auditor then has five days in which to draw warrant payable to the County.

Proceeds of the tax are credited entirely to the General Fund. Sales and Use tax revenue for 2009 amounted to \$3,849,838.

**8. INSURANCE**

**A. General Risk**

The County is exposed to various risks of loss related to torts, theft or damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2009, the County contracted with the County Risk Sharing Authority (CORSA) for property, general liability, commercial fleet, liability employee's benefit, data processing equipment, 911 equipment, County Engineer contractor equipment, valuable paper's additional, theft/disappearance/destruction for inside and outside, crime coverage, forgery and alteration of checks, and umbrella liability insurance. Insurance coverage stayed the same as in the prior year. Settlement amounts on claims have not exceeded insurance coverage in any of the past three years. There have been no significant changes in coverage from the prior year.



**MADISON COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009**

**8. INSURANCE (CONTINUED)**

**B. Health**

The County provides fully insured health coverage to its employees through Anthem with the exception of the County Engineer's Department. Beginning December 1, 1991, the County Engineer provided employees with self-funded insurance through Managed Care of America, formerly Buckeye Employee Benefit Services, Inc. Claims paid in calendar year 2009 were \$309,971. In accordance with the cash basis of accounting, as more fully described in Note 2, the County does not record a liability for any incurred but unpaid claims as of year end.

**9. DEFINED BENEFIT RETIREMENT PLAN**

**A. Ohio Public Employees Retirement System**

All County full-time employees, other than teachers, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Plan (TP) is a cost-sharing, multiple-employer defined benefit plan. The Member-Directed Plan (MD) is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan (CO) is a cost-sharing, multiple-employer defined benefit plan that has elements of both a defined benefit and a defined contribution plan. Under the Combined Plan, employer contributions are invested by OPERS to provide a formula retirement benefit similar to the Traditional Plan benefit. Member contributions, whose investment is self-directed by the member, 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 the 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 which may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling 614-222-5601 or 1-800-222-7377..

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2007, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Tradition Pension Plan. The 2009 member contribution rates were 10.0% for members in state and local classifications. Public safety and law enforcement members contributed 10.1%. The employer contribution rate for pension benefits for 2009 for state and local employers was 14.00% of covered payroll. For both the law enforcement and public safety divisions, the employer contribution rate for 2009 was 17.40%.

The County's required contributions to OPERS for the years ended December 31, 2009, 2008, and 2007 were \$1,101,099, \$1,856,996, and \$1,771,102, respectively. 100 percent has been contributed for 2009, 2008 and 2007.

**MADISON COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

**9. DEFINED BENEFIT RETIREMENT PLAN (CONTINUED)**

**B. State Teachers Retirement System**

Certified teachers employed by the school for the Mental Retarded/Developmentally Disabled participate in the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771 or by visiting the STRS website at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service or an allowance based on member contributions and earned interest matched by STRS Ohio funds, times an actuarially determined annuity factor. The DC plan allows members to allocate all their member contributions and employer contributions equal to 10.5% 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 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. DC Plan and Combined members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC Plan or Combined Plan.

**DB Plan Benefits** – Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the “formula benefit” or the “money-purchase benefit” calculation. Under the “formula benefit,” the retirement allowance is based on years of credited service and final average salary, which is the average of the member’s three highest salary years. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31<sup>st</sup> year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary is reached.

**DC Plan Benefits** - Under the “money-purchase benefit” calculation, a member’s lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance. Benefits are established under Sections 3307.80 to 3370.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. 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. Employer contributions into members’ accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member’s designated beneficiary is entitled to receive the member’s account balance.

**MADISON COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

**9. DEFINED BENEFIT RETIREMENT PLAN (CONTINUED)**

**B. State Teachers Retirement System (continued)**

**Combined Plan Benefits** – Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member's defined benefit is determined by multiplying 1% of the member's final average salary by the member's years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

The Defined Benefit and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependent. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio Law, health care benefits are not guaranteed.

A Defined Benefit 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. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the Defined Benefit Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC, or Combined Plans. Various other benefits are available to members' beneficiaries.

For the fiscal year ended June 30, 2009, plan members were required to contribute 10% of their annual covered salaries and the County was required to contribute 14 %; 13 % was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The County's contributions for pension obligations to STRS for the years ended December 31, 2009, 2008, and 2007 were \$49,119, \$55,484, and \$57,030, respectively. 100 percent has been contributed for 2009, 2008 and 2007.

**10. POSTEMPLOYMENT BENEFITS**

**Ohio Public Employees Retirement System**

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

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age and service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS is considered to be an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

**MADISON COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009**

**10. POSTEMPLOYMENT BENEFITS (CONTINUED)**

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

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

- B. The Ohio Revised Code provides the statutory authority requiring public employer units to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2009, 2008, and 2007, local government employer units contributed at 14.0%, 14.0%, and 13.85%, respectively, of covered payroll, and public safety and law enforcement employer units contributed at 17.63%, 17.4%, and 17.17%, respectively. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14% of covered payroll for state and local employer units, and 18.1% of covered payroll for law and public safety employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. For 2009, the employer contribution allocated to the health care plan was 7.0% for January through March and 5.5% for April through December. For 2008, the percentage was 7.0% of covered payroll. For 2007, these percentages were 5.0% for January through June and 6.0% for July through December. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

- C. The employer contributions that were used to fund post-employment benefits were \$464,035, \$928,498, and \$703,326 for 2009, 2008, and 2007, respectively; 100 percent has been contributed for 2009, 2008, and 2007.
- D. 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 on January 1, of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

**MADISON COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009**

**10. POSTEMPLOYMENT BENEFITS (CONTINUED)**

**State Teachers Retirement System**

STRS Ohio administers a pension plan that is comprised of: a defined benefit plan; a self-directed defined contribution plan; and a combined plan, which is a hybrid of the defined benefit and defined contribution plan.

Ohio law authorizes STRS Ohio to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the defined benefit or combined plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. Pursuant to Section 3307 of the Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

STRS Ohio issues a stand-alone financial report. Interested parties can view the most recent Comprehensive Annual Financial Report by visiting [www.strsoh.org](http://www.strsoh.org) or by requesting a copy by calling toll free (888) 227-7877.

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14 percent contribution rate, 1 percent of covered payroll was allocated to post-employment health care for the fiscal years ended December 31, 2009, 2008 and 2007. For the County, these amounts equaled \$3,509, \$3,963, and \$4,074, respectively, for fiscal years 2009, 2008, and 2007, respectively; 100 percent has been contributed for 2009, 2008, and 2007.

**11. CONDUIT DEBT OBLIGATIONS**

During 1997, the County served as the issuer of \$2,700,000 in Multifamily Housing Revenue Bonds. The proceeds were used by a private corporation to fund the construction of an assistant living facility. The amount outstanding on this issue is \$2,310,000. Also, in 2002, the County served as the issuer of \$4,200,000 in Multifamily Housing Mortgage Revenue Bonds. The proceeds were used by a private corporation to acquire, construct and equip a multifamily residential rental housing facility. The amount outstanding on this issue is \$3,920,000. In 2005, the County served as the issuer of \$11,125,000 in Hospital Facilities Multi-mode Variable Rate Revenue Refunding and Improvement Bonds. The proceeds were used to refund outstanding Hospital Improvement Revenue Refunding Bonds and to acquire, construct, improve and equip certain Hospital facilities. The County also served as issuer of \$1,700,000 in Hospital Facilities Revenue Bonds, the proceeds of which will be used to acquire, construct, improve and equip certain Hospital facilities. The amount outstanding on both issues is \$10,080,000. These bonds do not constitute a general obligation, debt or indebtedness of the County. None are the full faith and credit to taxing power of the County pledged to make repayment.

**12. HOSPITAL AGREEMENT**

In 1975, the County ceased business activity at the County hospital. However, the County maintains the land and facilities of the hospital and entered into a lease agreement with the Madison County Hospital, Inc., (MCHI) to provide for the health and welfare of the people. As disclosed in Note 11 above, the County has issued conduit debt on behalf of MCHI. The County amends the lease agreement whenever new conduit debt is issued, with the most current amendment being in 1998.

According to the most recent lease agreement the County only charges MCHI a "basic rent", for the lease. "Basic rent" has been defined as an amount necessary to make the deposits required in the bond indenture and any other amounts required under the lease to be paid as "basic rent" on or prior to the respective rental payment dates during the lease term.

**MADISON COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

**13. TRANSFERS AND ADVANCES**

Transfers made during the year ended December 31, 2009, were as follows:

<u>Fund Type/Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 0	234,459
Motor Vehicle and Gas Tax	0	101,553
MRDD General	0	100,000
Other Governmental Funds	546,606	111,501
Enterprise funds	<u>907</u>	<u>0</u>
	<u>\$ 547,513</u>	<u>\$ 547,513</u>

Transfers from the Motor Vehicle and Gasoline Tax, and from the General fund to non-major funds were made to provide monies to the Engineer bond retirement fund for principal and interest payments. The transfers from the non-major funds to the non-major funds were to move unrestricted balances to support programs and projects accounted for in other funds. All transfers were made in compliance with Ohio Revised Code.

Advances made during the year ended December 31, 2009, were as follows:

<u>Fund Type/Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Motor Vehicle and Gasoline Tax	\$ 0	2,494
Other Governmental Funds	<u>2,494</u>	<u>0</u>
	<u>\$ 2,494</u>	<u>\$ 2,494</u>

The advance from the Motor Vehicle and Gasoline Tax Fund was made to provide monies to the Charleston/Chillicothe Road project pending proceeds from Tax Increment Financing.

**14. CONTINGENCIES & LITIGATION**

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

The County is party to certain legal proceedings; however, it is the opinion of management that ultimate disposition of claims will not have a material effect on the financial condition of the County.

**15. COMPLIANCE**

The Ohio Administrative Code Section 117-2-03(B) requires the County to prepare its financial report in accordance with generally accepted accounting principles. Contrary to this requirement, the County has elected to prepare its annual financial report on a cash basis.

**16. SUBSEQUENT EVENTS**

The County obtained a loan on February 22, 2010 in the amount of \$60,000 at 2.99%. Proceeds from this loan will be used to finance the Vallery Ditch Extension #95B Special Assessment Improvement. Proceeds from special assessments will be used to repay this debt.

MADISON COUNTY

Schedule of Federal Awards Expenditures  
For the Year Ended December 31, 2009

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Federal Pass Through Entity Number	Disbursements	Non Cash Disbursements
<b><u>United States Department of Agriculture</u></b>				
<i>Passed Through The Ohio Department of Agriculture:</i>				
Supplemental Nutrition Assistance Program (SNAP) Cluster				
State Administrative Matching Grants for Supplemental Nutrition Assistance	10.561	G-1011-11-5074	\$ 190,505	\$ -
ARRA State Administrative Matching Grants for Supplemental Nutrition Assistance	10.561	G-1011-11-5074	33,414	-
Total Supplemental Nutrition Assistance Program Cluster			<u>223,919</u>	<u>-</u>
<i>Passed Through the Ohio Department of Education</i>				
Child Nutrition Cluster:				
National School Lunch Program	10.555	LLP4	8,777	-
Total Nutrition Cluster			<u>8,777</u>	<u>-</u>
Food Donation	10.550	N/A	-	2,550
<b>Total U.S. Department of Agriculture</b>			<b><u>232,696</u></b>	<b><u>2,550</u></b>
<b><u>U.S. Department of Housing and Urban Development</u></b>				
<i>Passed Through Ohio Department of Development:</i>				
Community Development Block Grants / State's Program	14.228	B-F-08-045-1	90,844	-
Community Development Block Grants / State's Program	14.228	B-F-07-045-1	23,520	-
Community Development Block Grants / State's Program	14.228	B-C-07-045-1	35,220	-
Total Community Development Block Grants/State's Program			<u>149,584</u>	<u>-</u>
Home Investment Partnerships Program	14.239	B-C-07-045-2	203,238	-
<b>Total U.S. Department of Housing and Urban Development</b>			<b><u>352,822</u></b>	<b><u>-</u></b>
<b><u>U.S. Department of Labor</u></b>				
<i>WIA Cluster Passed Through Ohio Department of Job and Family Services</i>				
<i>Passed Through Montgomery County Auditor, WIA Area 7:</i>				
Workforce Investment Act-Adult			100,628	-
Workforce Investment Act-Adult Administrative			9,234	-
ARRA Workforce Investment Act-Adult			19,044	-
Workforce Investment Act-Adult Total	17.258	31-6400075	<u>128,906</u>	<u>-</u>
Workforce Investment Act-Youth			48,388	-
Workforce Investment Act-Youth Administrative			9,743	-
ARRA Workforce Investment Act-Youth			79,469	-
Workforce Investment Act-Youth Total	17.259	31-6400075	<u>137,600</u>	<u>-</u>
Workforce Investment Act-Dislocated Worker			32,666	-
Workforce Investment Act-Dislocated Worker Administrative			3,408	-
ARRA Workforce Investment Act-Dislocated Worker			12,609	-
Workforce Investment Act-Dislocated Worker Total	17.260	31-6400075	<u>48,683</u>	<u>-</u>
Total Workforce Investment Act Cluster			<u>315,189</u>	<u>-</u>
<i>One Stop Cluster Passed Through Ohio Department of Job and Family Services</i>				
One Stop Resource Sharing	17.207	31-6400075	1,538	-
One Stop Resource Sharing	17.801	31-6400075	424	-
One Stop Resource Sharing	17.804	31-6400075	20	-
Total One Stop Cluster			<u>1,982</u>	<u>-</u>
<b>Total U.S. Department of Labor</b>			<b><u>317,171</u></b>	<b><u>-</u></b>
<b><u>U.S. Department of Transportation</u></b>				
<i>Passed through the Federal Aviation Agency</i>				
Airport Improvement Program	20.106	N/A	815	-
Airport Improvement Program	20.106	3-39-0047-1309	54,618	-
Airport Improvement Program	20.106	3-39-0047-1208	20,799	-
Total Airport Improvement Program			<u>76,232</u>	<u>-</u>

MADISON COUNTY

Schedule of Federal Awards Expenditures - continued  
For the Year Ended December 31, 2009

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Federal Pass Through Entity Number	Disbursements	Non Cash Disbursements
<b><u>U.S. Department of Transportation</u></b>				
<i>Passed through the Ohio Department of Transportation</i>				
Highway Planning Program	20.205	N/A	10,946	
Highway Planning Program	20.205	16705-CR-1400	29,621	-
Highway Planning Program	20.205	16706-CR-3602	1,090	-
Total Highway Planning Program			41,657	-
<b>Total U.S. Department of Transportation</b>			<b>117,889</b>	<b>-</b>
<b><u>U.S. Department of Education</u></b>				
<i>Passed Through Ohio Department of Education</i>				
State Grants for Innovative Programs	84.298	C2S1	12,939	-
Special Education Cluster:				
Special Education - Grants to States	84.027	6BSF	12,604	-
Special Education - Preschool Grants	84.173	PGS1	103	-
Total Special Education Cluster			12,707	-
<b>Total U.S. Department of Education</b>			<b>25,646</b>	<b>-</b>
<b><u>U.S. Election Assistance Commission</u></b>				
<i>Passed Through Ohio Secretary of State</i>				
Help America Vote Act	90.401	N/A	978	-
<b>Total U.S. Election Assistance Commission</b>			<b>978</b>	<b>-</b>
<b><u>U.S. Department of Health and Human Services</u></b>				
<i>Passed Through the Ohio Secretary of State</i>				
Voting Access for Individuals with Disabilities	93.617	N/A	305	-
<i>Passed Through the Ohio Department of Jobs and Family Services</i>				
Promoting Safe and Stable Families	93.556	G-1011-11-5074	8,119	-
Temporary Assistance to Needy Families	93.558	G-1011-11-5074	1,207,358	-
Child Support Enforcement	93.563	G-1011-11-5074	305,351	-
ARRA Child Support Enforcement	93.563	G-1011-11-5074	50,715	-
Total Child Support Enforcement			356,066	-
Child Care Cluster:				
Child Care and Development Block Grant	93.575	G-1011-11-5074	89,892	-
Child Care Mandatory and Matching Funds	93.596	G-1011-11-5074	251,632	-
ARRA Child Care and Development Block Grant	93.713	G-1011-11-5074	115,000	-
Total Child Care Cluster			456,524	-
Child Welfare Services - State Grants	93.645	G-1011-11-5074	31,836	-
Foster Care Management	93.658	G-1011-11-5074	38,453	-
Adoption Assistance	93.659	G-1011-11-5074	87,602	-
Social Services Block Grant	93.667	G-1011-11-5074	320,808	-
Child Abuse and Neglect Prevention	93.669	G-1011-11-5074	176	-
Chaffee Foster Care Independence Program	93.674	G-1011-11-5074	2,372	-
Medical Assistance Program	93.778	G-1011-11-5074	311,967	-
Total Ohio Department of Jobs and Family Services			2,821,281	-



MADISON COUNTY

Schedule of Federal Awards Expenditures - continued  
For the Year Ended December 31, 2009

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Federal Pass Through Entity Number	Disbursements	Non Cash Disbursements
<b><u>U.S. Department of Health and Human Services</u></b>				
<i>Passed Through the Ohio Department of Developmental Disabilities</i>				
Social Services Block Grant - Title XX	93.667	31-6400075	49,132	-
State Children Health Insurance Program	93.767	31-6400075	1,341	-
Medical Assistance Program:				
Medicaid Administration (MAC)	93.778	31-6400075	26,450	-
Level One Waivers	93.778	31-6400075	75,215	-
I/O Waivers	93.778	31-6400075	707,983	-
TCM	93.778	31-6400075	137,922	-
Total Medical Assistance Program			<u>947,570</u>	-
Total Ohio Department of Developmental Disabilities			<u>998,043</u>	-
<b>Total U.S. Department of Health and Human Services</b>			<b><u>3,819,629</u></b>	<b>-</b>
<b><u>U.S. Department of Homeland Security</u></b>				
<i>Passed through the Ohio Department of Public Safety - Emergency Management Agency</i>				
Emergency Management Performance Grants	97.042	GE-EM-E8-0002	16,038	-
Emergency Management Performance Grants	97.042	EP-E9-0061	24,977	-
Homeland Security Program Cluster:				
Citizen Corps	97.067	GE-T7-0030	14,380	-
State Homeland Security Program	97.067	GE-T8-0025	5,000	-
Total Homeland Security Program Cluster			<u>19,380</u>	-
<b>Total U.S. Department of Homeland Security</b>			<b><u>60,395</u></b>	<b>-</b>
<b>TOTAL FEDERAL AWARDS EXPENDITURES</b>			<b><u>\$ 4,927,226</u></b>	<b><u>\$ 2,550</u></b>

N/A - Pass through entity number not available

See accompanying notes to Schedule of Federal Awards Expenditures

**MADISON COUNTY  
FOR THE YEAR ENDED DECEMBER 31, 2009**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES**

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B – MATCHING REQUIREMENTS**

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

**NOTE C – COMMUNITY DEVELOPMENT GRANT PROGRAM**

Madison County administers a home rehabilitation program with funds provided by the U.S. Department of Housing and Urban Development, through the Ohio Department of Development, under the Community Development Block CHIP Grant Program. The purpose of this program is to provide funds for home improvements made for low and moderate income homeowners. The County administers these funds and makes payments directly to the independent contractors providing the rehabilitation services. The funds provided are secured as a lien on the homeowner's residence for ten years. The County requires a 20% payback of the funds by the homeowner after ten years. The lien is removed from the residence after the 20% has been repaid. The County uses the payback amounts for future home rehabilitation projects. December 31, 2009 cash balances for the CDBG Program and the Home Program were \$3,117 and \$32,990, respectively.

**NOTE D – WORKFORCE INVESTMENT ACT (WIA) EXPENDITURES**

Expenditures for the Workforce Investment Act (WIA) programs are presented on the schedule of federal awards expenditures as cash basis expenditures for the WIA Fund during 2009 less refunds and reimbursements received in the WIA Fund during 2009.

**NOTE E- FOOD DONATION**

Cash receipts from the U. S. Department of Agriculture are commingled with State Grants. It is assumed federal monies are expended first.



**Report on Internal Control Over Financial Reporting and on Compliance and  
Other Matters Required by *Government Auditing Standards***

Board of Commissioners  
Madison County  
1 North Main Street  
London, Ohio 43140

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Madison County Financial Condition, Madison County, Ohio (the County), as of and for the year ended December 31, 2009, which collectively comprise the County's basic financial statements and have issued our report thereon dated August 24, 2010, wherein we noted the County followed the cash basis of accounting rather than accounting principles generally accepted in the United States of America. We did not audit the financial statements of Matco Industries, Inc. which is included as a discrete presentation in the County's basic financial statements. These financial statements were audited by other auditors whose report thereon has been furnished to us and our opinion insofar as it relates to the amounts for Matco Industries, Inc. is solely based on the report of 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*.

**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 auditing procedures for the purpose of expressing our opinions on the financial statements but, not for the purpose of opining on the effectiveness of the County's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the County's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and timely corrected.

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

### **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 such an opinion. The results of our tests disclosed an instance of noncompliance we must report under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item No. 2009-001.

We also noted a certain noncompliance or other matter not requiring inclusion in this report that we reported to the management of the County in a separate letter dated August 24, 2010.

The County's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the County's response, and accordingly, we express no opinion on it.

This report is intended for the information and use of management, Board of Commissioners, and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.  
August 24, 2010



**Report on Compliance with Requirements  
Applicable to Each Major Program and on Internal Control Over  
Compliance Required by OMB Circular A-133**

Board of Commissioners  
Madison County  
1 North Main Street  
London, Ohio 43140

**Compliance**

We have audited the compliance of Madison County (the County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the year ended December 31, 2009. 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 the Comptroller General of the United States' *Government Auditing Standards*; 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 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, 2009.

**Internal Control Over Compliance**

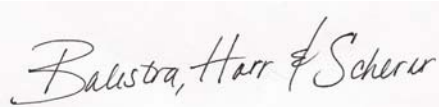
The County's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of opining on compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the County's internal control over compliance.

Board of Commissioners  
Madison County  
Report on Compliance with Requirements Applicable to Each Major Program  
and on Internal Control Over Compliance Required by OMB Circular A-133  
Page 2

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

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



Balestra, Harr & Scherer, CPAs, Inc.  
August 24, 2010

MADISON COUNTY

**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A -133 Section .505**  
**December 31, 2009**

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

<i>(d)(I)(i)</i>	<b>Type of Financial Statement Opinion</b>	Unqualified
<i>(d)(I)(ii)</i>	<b>Were there any significant internal control deficiencies reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(I)(ii)</i>	<b>Were there any material weakness reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(I)(iii)</i>	<b>Was there any reported non-compliance at the financial statement level (GAGAS)?</b>	Yes
<i>(d)(I)(iv)</i>	<b>Were there any significant internal control deficiencies reported for major federal programs?</b>	No
<i>(d)(I)(iv)</i>	<b>Were there any material weakness reported for major federal programs?</b>	No
<i>(d)(I)(v)</i>	<b>Type of Major Programs Compliance Opinion</b>	Unqualified
<i>(d)(I)(vi)</i>	<b>Are there any reportable findings under .510?</b>	No
<i>(d)(I)(vii)</i>	<b>Major Program (list):</b>	Supplemental Nutrition Assistance Program (SNAP) CFDA # 10.561; Workforce Investment Act Cluster CFDA # 17.258, 17.259 & 17.260; Temporary Assistance to Needy Families (TANF) CFDA # 93.558; Child Support Enforcement CFDA # 93.563; Child Care Block Grant Cluster CFDA # 93.575, 93.596 & 93.713; Social Services Block Grant CFDA # 93.667
<i>(d)(I)(viii)</i>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 300,000 Type B: all others
<i>(d)(I)(ix)</i>	<b>Low Risk Auditee?</b>	No

MADISON COUNTY

**SCHEDULE OF FINDINGS**  
*OMB CIRCULAR A -133 Section .505*  
**December 31, 2009**  
(Continued)

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

**Finding Number 2009-001**

**Noncompliance Citation**

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

Ohio Admin Code Section 117-2-03(B) requires the County to prepare its annual financial report in accordance with generally accepted accounting principles. However, the County prepared its financial statements in accordance with the cash basis of accounting. The accompanying financial statements and notes omitted 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 prepare its annual financial report in accordance with generally accepted accounting principles.

**County's Response:**

The County officials do not believe that preparing the financial statements in accordance with generally accepted accounting principles is cost beneficial.

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

None.



MADISON COUNTY

**SCHEDULE OF PRIOR AUDIT FINDINGS**  
*OMB CIRCULAR A-133 § .315 (b)*  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2008-001	Material Weakness – The County failed to report the Municipal Court Special Project Fund as a major fund.	Yes	
2008-002	Ohio Admin Code Section 117-2-03(B) requires the County to prepare its annual financial report in accordance with generally accepted accounting principles. The County filed its report using the cash basis of accounting.	No	Not Corrected – See current year finding 2009-001.

**This Page is Intentionally Left Blank.**



**Mary Taylor, CPA**  
Auditor of State

**MADISON COUNTY FINANCIAL CONDITION**

**MADISON COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
NOVEMBER 23, 2010**