



Dave Yost • Auditor of State

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

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CHAMPAIGN COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Honorable County Board of Commissioners
Honorable County Auditor
Honorable County Treasurer
Champaign County
1512 South U.S. Highway 68, Suite B300
Urbana, Ohio 43078

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of Champaign County, (the County), as of and for the year ended December 31, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

Ohio Administrative Code § 117-2-03 (B) requires the County to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 1, 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, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of Champaign County, as of December 31, 2010, and the respective changes in cash financial position and the respective budgetary comparisons for the General, Job and Family Services, Motor Vehicle License Gas Tax, Lawnview 169 Board, and Children's Service funds thereof for the year then ended in conformity with the basis of accounting Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 17, 2011, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the County's basic financial statements taken as a whole. The federal awards expenditure schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The federal awards expenditure schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State

August 17, 2011

CHAMPAIGN COUNTY, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2010

Unaudited

The discussion and analysis of Champaign County's financial performance provides an overall review of the County's financial activities for the fiscal year ended December 31, 2010. The intent of this discussion and analysis is to look at the County's financial performance as a whole; readers should also review the notes to the basic financial statements and basic financial statements to enhance their understanding of the County's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2010 are as follows:

- ❑ In total, net assets increased \$520,636. Net assets of governmental activities increased \$1,110,430, which represents a 10.4% increase from 2009. Net assets of business-type activities decreased \$589,794, or 75% from 2009.
- ❑ General revenues accounted for \$10.2 million in revenue or 36.2% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$17.9 million or 63.8% of total revenues of \$28.1 million.
- ❑ The County had \$27.6 million in expenses related to governmental activities; only \$17.9 million of these expenses were offset by program specific charges for services, grants or contributions.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts – *management's discussion and analysis* and the *basic financial statements*. The basic financial statements include two kinds of statements that present different views of the County:

These statements are as follows:

1. *The Government-Wide Financial Statements* – These statements provide information about the County as a whole.
2. *The Fund Financial Statements* – These statements focus on individual parts of the County, reporting the County's operations in more detail than the government-wide statements.

The financial statements also include notes that provide more detailed data and explain some of the information in the financial statements.

CHAMPAIGN COUNTY, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2010

Unaudited

Government-wide Statements

The government-wide statements report information about the County as a whole, including Lawnview Industries, Inc. and Home Options, Inc., the County's two discretely presented component units, using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the County's assets. All of the current year's revenues and expenses are accounted for in the statement of activities on a cash basis.

The two government-wide statements report the County's net assets and how they have changed. Net-assets (the difference between the County's assets and liabilities) is one way to measure the County's financial health or position.

- Over time, increases or decreases in the County's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the County you need to consider additional nonfinancial factors such as changes in the County's tax base and the condition of County capital assets.

The government-wide financial statements of the County are divided into two categories:

- ***Governmental Activities*** – Most of the County's programs and services are reported here including legislative and executive, judicial, public safety, welfare, health, conservation and recreation, public works and community and economic development.
- ***Business-Type Activities*** – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. All of the County's enterprise activities are reported as business-type activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the County's most significant funds, not the County as a whole. Funds are accounting devices that the County uses to keep track of specific sources of funding and spending for particular purposes.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The County's major governmental funds are the General Fund, the Job and Family Services Fund, the Motor Vehicle License Gas Tax Fund, the Lawnview 169 Board Fund and the Children's Service Fund.

CHAMPAIGN COUNTY, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2010

Unaudited

The County maintains a multitude of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the major funds, which were identified earlier. Data from the other governmental funds are combined into a single, aggregated presentation.

Proprietary Funds – When the County charges customers for the service it provides, these services are generally reported in the proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The County's major enterprise fund is the Wellington Nursing and Rehabilitation Center Fund.

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.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

The table below provides a comparison of 2010 to 2009 for both the Governmental and Business-Type Activities.

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	<u>\$11,800,133</u>	<u>\$10,689,703</u>	<u>\$201,751</u>	<u>\$791,545</u>	<u>\$12,001,884</u>	<u>\$11,481,248</u>
Net assets						
Restricted	11,138,992	10,175,067	0	0	11,138,992	10,175,067
Unrestricted	<u>661,141</u>	<u>514,636</u>	<u>201,751</u>	<u>791,545</u>	<u>862,892</u>	<u>1,306,181</u>
Total net assets	<u>\$11,800,133</u>	<u>\$10,689,703</u>	<u>\$201,751</u>	<u>\$791,545</u>	<u>\$12,001,884</u>	<u>\$11,481,248</u>

CHAMPAIGN COUNTY, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2010

Unaudited

Changes in Net Assets – The following table shows the changes in net assets for the fiscal years 2010 and 2009:

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues						
Program Revenues:						
Charges for Services and Sales	\$6,029,977	\$3,816,943	\$29,913	\$145,113	\$6,059,890	\$3,962,056
Operating Grants and Contributions	11,860,482	11,264,023	0	0	11,860,482	11,264,023
Total Program Revenues	17,890,459	15,080,966	29,913	145,113	17,920,372	15,226,079
General Revenues:						
Property Taxes	4,316,842	4,493,180	0	0	4,316,842	4,493,180
Sales Taxes	4,082,731	4,040,662	0	0	4,082,731	4,040,662
Other Local Taxes	148,386	145,929	0	0	148,386	145,929
Intergovernmental, Unrestricted	1,181,762	1,147,377	0	0	1,181,762	1,147,377
Bond Anticipation Notes Issued	0	1,000,000	0	0	0	1,000,000
Investment Earnings	437,853	574,983	0	0	437,853	574,983
Miscellaneous	8,641	2,293,806	0	740	8,641	2,294,546
Total General Revenues	10,176,215	13,695,937	0	740	10,176,215	13,696,677
Total Revenues	28,066,674	28,776,903	29,913	145,853	28,096,587	28,922,756
Program Expenses:						
Ledgislative and Executive	3,984,643	5,380,229	0	0	3,984,643	5,380,229
Judicial	2,036,836	1,308,964	0	0	2,036,836	1,308,964
Public Safety	4,311,670	4,005,609	0	0	4,311,670	4,005,609
Human Services/Welfare	5,388,079	6,680,414	0	0	5,388,079	6,680,414
Health	5,521,194	5,279,165	0	0	5,521,194	5,279,165
Conservation and Recreation	324,498	75,461	0	0	324,498	75,461
Public Works	4,928,883	5,417,539	0	0	4,928,883	5,417,539
Community and Economic Development	427,173	72,133	0	0	427,173	72,133
Capital Outlay	263,325	550,427	0	0	263,325	550,427
Principal Retirement	298,119	2,288,119	0	0	298,119	2,288,119
Interest and Fiscal Charges	85,950	146,621	0	0	85,950	146,621
Business Type Activities:						
Wellington Nursing and Rehabilitation	0	0	5,581	96,226	5,581	96,226
Total Expenses	27,570,370	31,204,681	5,581	96,226	27,575,951	31,300,907
Change in Net Assets before transfers	496,304	(2,427,778)	24,332	49,627	520,636	(2,378,151)
Transfers	614,126	1,521,129	(614,126)	(1,521,129)	0	0
Total Change in Net Assets	1,110,430	(906,649)	(589,794)	(1,471,502)	520,636	(2,378,151)
Beginning Net Assets	10,689,703	11,596,352	791,545	2,263,047	11,481,248	13,859,399
Ending Net Assets	\$11,800,133	\$10,689,703	\$201,751	\$791,545	\$12,001,884	\$11,481,248

CHAMPAIGN COUNTY, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2010

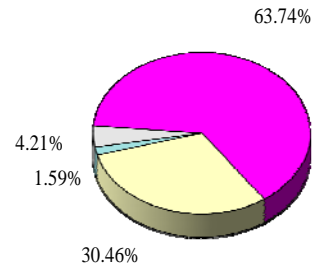
Unaudited

Governmental Activities

Net assets of the County's governmental activities increased by \$1,110,430. This was primarily a result of a decrease in program expenditures during 2010 as compared to 2009.

Tax revenue accounts for \$8,547,959 of the \$28,066,674 in total revenues for governmental activities. Property tax accounted for \$4,316,842, or approximately 50.5% of total tax revenue.

Revenue Sources	2010	Percent of Total
Intergovernmental, Unrestricted	\$1,181,762	4.21%
Program Revenues	17,890,459	63.74%
General Tax Revenues	8,547,959	30.46%
General Other	446,494	1.59%
Total Revenue	<u>\$28,066,674</u>	<u>100.00%</u>



Business-Type Activities

Net assets of the business-type activities decreased by \$589,794. This can be attributed to the fact that the County sold the nursing and rehabilitation center in 2008 and has only been reporting a small amount of charges for services within the fund. Also, there have been transfers to the governmental funds to pay for completed capital projects paid for out of those funds.

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.

During 2010, the County amended its General Fund budget several times. Actual receipts were below original and final budgeted receipts by less than one percent. The variance between original and final appropriations was less than one percent. The variance between final appropriations and actual expenditures was also less than one percent.

CHAMPAIGN COUNTY, OHIO

***Management's Discussion and Analysis
For the Year Ended December 31, 2010***

Unaudited

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The County does not currently keep track of its capital assets and infrastructure.

Debt

At December 31, 2010, the County's outstanding debt included \$406,834 in an Ohio Public Works Commission loan and \$1,895,000 in general obligation bonds. Additional information on the County's long-term debt can be found in Note 7.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information contact Karen Bailey, Champaign County Auditor, 1512 S. US Highway 68, Suite B300 Urbana, Ohio 43078.

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CHAMPAIGN COUNTY, OHIO

Statement of Net Assets – Cash Basis December 31, 2010

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 11,800,133	\$ 201,751	\$ 12,001,884
Cash and Cash Equivalents in Segregated Accounts	0	0	0
Total Assets	<u>11,800,133</u>	<u>201,751</u>	<u>12,001,884</u>
Net Assets:			
Restricted For:			
Legislative and Executive	882,673	0	882,673
Judicial	290,922	0	290,922
Public Safety	168,529	0	168,529
Welfare	2,097,060	0	2,097,060
Health	1,491,057	0	1,491,057
Conservation and Recreation	50,006	0	50,006
Public Works	5,414,013	0	5,414,013
Community and Economic Development	70,086	0	70,086
Debt Service	2,500	0	2,500
Capital Projects	579,963	0	579,963
Nonexpendable	92,183	0	92,183
Unrestricted	<u>661,141</u>	<u>201,751</u>	<u>862,892</u>
Total Net Assets	<u>\$ 11,800,133</u>	<u>\$ 201,751</u>	<u>\$ 12,001,884</u>

See accompanying notes to the basic financial statements

CHAMPAIGN COUNTY, OHIO

<u>Component Units</u>	
<u>Lawnview Industries, Inc.</u>	<u>Home Options, Inc.</u>
\$ 0	\$ 0
173,136	6,192
<u>173,136</u>	<u>6,192</u>
0	0
0	0
0	0
0	0
0	0
0	0
0	0
0	0
0	0
0	0
0	0
0	0
173,136	6,192
<u>\$ 173,136</u>	<u>\$ 6,192</u>

CHAMPAIGN COUNTY, OHIO

Statement of Activities – Cash Basis For the Year Ended December 31, 2010

	Expenses	Program Revenues	
		Charges for Services and Sales	Operating Grants and Contributions
Governmental Activities:			
Legislative and Executive	\$ 3,984,643	\$ 2,534,485	\$ 339,386
Judicial	2,036,836	554,698	127,238
Public Safety	4,311,670	455,578	205,208
Welfare	5,388,079	1,225,552	4,188,091
Health	5,521,194	324,028	2,827,221
Conservation and Recreation	324,498	79	77,800
Public Works	4,928,883	805,886	3,976,998
Community and Economic Development	427,173	107,696	118,540
Capital Outlay	263,325	21,975	0
Principal Retirement	298,119	0	0
Interest and Fiscal Charges	85,950	0	0
Total Governmental Activities	27,570,370	6,029,977	11,860,482
Business-Type Activities:			
Wellington Nursing and Rehabilitation Center	5,581	29,913	0
Total Business-Type Activities	5,581	29,913	0
Total Primary Government	\$ 27,575,951	\$ 6,059,890	\$ 11,860,482
Component Units:			
Lawnview Industries, Inc.	104,850	93,752	0
Home Options, Inc.	118,469	99,696	0
Total Component Units	\$ 223,319	\$ 193,448	\$ 0

General Revenues:

Property Taxes
Sales Taxes
Other Local Taxes
Intergovernmental, Unrestricted
Investment Earnings
Miscellaneous

Transfers

Total General Revenues

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements

CHAMPAIGN COUNTY, OHIO

Net (Expense) Revenue and Changes in Net Assets				
Governmental Activities	Business- Type Activities	Total	Lawnview Industries, Inc.	Home Options, Inc.
\$ (1,110,772)	\$ 0	\$ (1,110,772)	\$ 0	\$ 0
(1,354,900)	0	(1,354,900)	0	0
(3,650,884)	0	(3,650,884)	0	0
25,564	0	25,564	0	0
(2,369,945)	0	(2,369,945)	0	0
(246,619)	0	(246,619)	0	0
(145,999)	0	(145,999)	0	0
(200,937)	0	(200,937)	0	0
(241,350)	0	(241,350)	0	0
(298,119)	0	(298,119)	0	0
(85,950)	0	(85,950)	0	0
<u>(9,679,911)</u>	<u>0</u>	<u>(9,679,911)</u>	<u>0</u>	<u>0</u>
0	24,332	24,332	0	0
0	24,332	24,332	0	0
(9,679,911)	24,332	(9,655,579)	0	0
0	0	0	(11,098)	0
0	0	0	0	(18,773)
0	0	0	(11,098)	(18,773)
4,316,842	0	4,316,842	0	0
4,082,731	0	4,082,731	0	0
148,386	0	148,386	0	0
1,181,762	0	1,181,762	0	0
437,853	0	437,853	3,000	0
8,641	0	8,641	0	0
614,126	(614,126)	0	0	0
<u>10,790,341</u>	<u>(614,126)</u>	<u>10,176,215</u>	<u>0</u>	<u>0</u>
1,110,430	(589,794)	520,636	(8,098)	(18,773)
<u>10,689,703</u>	<u>791,545</u>	<u>11,481,248</u>	<u>181,234</u>	<u>24,965</u>
<u>\$ 11,800,133</u>	<u>\$ 201,751</u>	<u>\$ 12,001,884</u>	<u>\$ 173,136</u>	<u>\$ 6,192</u>

CHAMPAIGN COUNTY, OHIO

Balance Sheet – Cash Basis Governmental Funds December 31, 2010

	<u>General</u>	<u>Job and Family Services</u>	<u>Motor Vehicle License Gas Tax</u>	<u>Lawnview 169 Board</u>
Assets:				
Cash and Cash Equivalents	\$ 271,117	\$ 18,979	\$ 4,593,301	\$ 1,324,927
Total Assets	<u>\$ 271,117</u>	<u>\$ 18,979</u>	<u>\$ 4,593,301</u>	<u>\$ 1,324,927</u>
Fund Balances:				
Reserved for Encumbrances	61,089	22,885	463,679	118,688
Undesignated, Unreserved in:				
General Fund	210,028	0	0	0
Special Revenue Funds	0	(3,906)	4,129,622	1,206,239
Debt Service Fund	0	0	0	0
Capital Projects Funds	0	0	0	0
Permanent Funds	0	0	0	0
Total Fund Balances	<u>\$ 271,117</u>	<u>\$ 18,979</u>	<u>\$ 4,593,301</u>	<u>\$ 1,324,927</u>

See accompanying notes to the basic financial statements

CHAMPAIGN COUNTY, OHIO

<u>Children's Services</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,451,802	\$ 4,140,007	\$ 11,800,133
<u>\$ 1,451,802</u>	<u>\$ 4,140,007</u>	<u>\$ 11,800,133</u>
0	82,453	748,794
0	0	210,028
1,451,802	3,382,395	10,166,152
0	2,500	2,500
0	579,967	579,967
<u>0</u>	<u>92,692</u>	<u>92,692</u>
<u>\$ 1,451,802</u>	<u>\$ 4,140,007</u>	<u>\$ 11,800,133</u>

CHAMPAIGN COUNTY, OHIO

Statement of Revenues, Expenditures and Changes in Fund Balances – Cash Basis Governmental Funds For the Year Ended December 31, 2010

	General	Job and Family Services	Motor Vehicle License Gas Tax	Lawnview 169 Board
Revenues:				
Property Taxes	\$ 1,555,732	\$ 0	\$ 0	\$ 2,276,931
Sales Taxes	4,082,731	0	0	0
Other Local Taxes	0	0	148,386	0
Intergovernmental Revenues	1,309,000	2,225,018	3,688,322	2,476,519
Charges for Services	1,148,575	0	937	423,740
Licenses and Permits	217,237	0	0	0
Investment Earnings	350,795	0	81,288	0
Special Assessments	0	0	0	0
Fines and Forfeitures	102,845	0	0	0
Rentals	221,621	0	0	71
All Other Revenues	473,742	697,687	629,091	97,350
Total Revenue	9,462,278	2,922,705	4,548,024	5,274,611
Expenditures:				
Current:				
Legislative and Executive	2,902,797	0	0	0
Judicial	1,933,858	0	0	0
Public Safety	3,924,525	0	0	0
Welfare	104,655	2,977,620	0	0
Health	150,242	0	0	5,217,868
Conservation and Recreation	246,235	0	0	0
Public Works	120,300	0	4,297,396	0
Community and Economic Development	0	0	0	0
Capital Outlay	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
Total Expenditures	9,382,612	2,977,620	4,297,396	5,217,868

CHAMPAIGN COUNTY, OHIO

Children's Service	Other Governmental Funds	Total Governmental Funds
\$ 484,179	\$ 0	\$ 4,316,842
0	0	4,082,731
0	0	148,386
833,021	2,510,364	13,042,244
0	1,757,321	3,330,573
0	17,730	234,967
0	5,770	437,853
0	21,975	21,975
0	123,814	226,659
234	1,500	223,426
54,317	48,831	2,001,018
<u>1,371,751</u>	<u>4,487,305</u>	<u>28,066,674</u>
0	1,081,846	4,805,955
0	102,978	1,391,232
0	387,145	4,279,206
759,600	1,546,204	5,562,268
0	153,084	5,450,868
0	78,263	324,498
0	511,187	4,895,907
0	427,173	213,042
0	263,325	263,325
0	298,119	298,119
0	85,950	85,950
<u>759,600</u>	<u>4,935,274</u>	<u>27,570,370</u>

(Continued)

CHAMPAIGN COUNTY, OHIO

Statement of Revenues, Expenditures and Changes in Fund Balances – Cash Basis Governmental Funds For the Year Ended December 31, 2010

	General	Job and Family Services	Motor Vehicle License Gas Tax	Lawnview 169 Board
Excess (Deficiency) of Revenues Over Expenditures	79,666	(54,915)	250,628	56,743
Other Financing Sources (Uses):				
Transfers In	0	0	0	0
Transfers Out	(325,950)	0	(58,119)	0
Advances In	2,765	0	0	0
Advances Out	0	0	0	0
Total Other Financing Sources (Uses)	<u>(323,185)</u>	<u>0</u>	<u>(58,119)</u>	<u>0</u>
Net Change in Fund Balances	(243,519)	(54,915)	192,509	56,743
Fund Balances at Beginning of Year	<u>514,636</u>	<u>73,894</u>	<u>4,400,792</u>	<u>1,268,184</u>
Fund Balances End of Year	<u>\$ 271,117</u>	<u>\$ 18,979</u>	<u>\$ 4,593,301</u>	<u>\$ 1,324,927</u>

See accompanying notes to the basic financial statements

CHAMPAIGN COUNTY, OHIO

<u>Children's Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
612,151	(447,969)	496,304
0	998,195	998,195
0	0	(384,069)
0	0	2,765
<u>0</u>	<u>(2,765)</u>	<u>(2,765)</u>
<u>0</u>	<u>995,430</u>	<u>614,126</u>
612,151	547,461	1,110,430
<u>839,651</u>	<u>3,592,546</u>	<u>10,689,703</u>
<u>\$ 1,451,802</u>	<u>\$ 4,140,007</u>	<u>\$ 11,800,133</u>

CHAMPAIGN COUNTY, OHIO

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) General Fund For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 1,620,500	\$ 1,556,000	\$ 1,555,732	\$ (268)
Sales Taxes	4,257,000	4,257,000	4,082,731	(174,269)
Intergovernmental Revenues	1,182,245	1,267,245	1,309,000	41,755
Charges for Services	846,967	911,467	1,148,575	237,108
Licenses and Permits	197,125	197,898	217,237	19,339
Investment Earnings	514,015	514,015	391,477	(122,538)
Fines and Forfeitures	88,850	89,700	102,845	13,145
Rentals	287,349	287,349	221,621	(65,728)
All Other Revenues	568,023	483,868	473,742	(10,126)
Total Revenues	<u>9,562,074</u>	<u>9,564,542</u>	<u>9,502,960</u>	<u>(61,582)</u>
Expenditures:				
Current:				
Legislative and Executive	2,831,943	2,846,556	2,937,550	(90,994)
Judicial	2,028,886	1,996,515	1,956,174	40,341
Public Safety	3,796,026	3,977,102	3,925,454	51,648
Welfare	227,209	114,491	105,529	8,962
Health	149,180	150,918	150,542	376
Conservation and Recreation	261,028	248,508	246,235	2,273
Public Works	125,411	125,882	122,217	3,665
Total Expenditures	<u>9,419,683</u>	<u>9,459,972</u>	<u>9,443,701</u>	<u>16,271</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	142,391	104,570	59,259	(45,311)
Other Financing Sources (Uses):				
Transfers In	8,250	8,250	0	(8,250)
Transfers Out	(325,950)	(325,950)	(325,950)	0
Advances In	0	0	2,765	2,765
Total Other Financing Sources (Uses):	<u>(317,700)</u>	<u>(317,700)</u>	<u>(323,185)</u>	<u>(5,485)</u>
Net Change in Fund Balance	(175,309)	(213,130)	(263,926)	(50,796)
Fund Balance at Beginning of Year	298,599	298,599	298,599	0
Prior Year Encumbrances	175,355	175,355	175,355	0
Fund Balance at End of Year	<u>\$ 298,645</u>	<u>\$ 260,824</u>	<u>\$ 210,028</u>	<u>\$ (50,796)</u>

See accompanying notes to the basic financial statements

CHAMPAIGN COUNTY, OHIO

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) Special Revenue Fund – Job and Family Services Fund For the Year Ended December 31, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	3,222,307	3,222,307	2,225,018	(997,289)
All Other Revenues	599,000	599,000	697,687	98,687
Total Revenues	<u>3,821,307</u>	<u>3,821,307</u>	<u>2,922,705</u>	<u>(898,602)</u>
Expenditures:				
Current:				
Welfare	3,868,284	3,868,284	3,000,505	867,779
Total Expenditures	<u>3,868,284</u>	<u>3,868,284</u>	<u>3,000,505</u>	<u>867,779</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(46,977)	(46,977)	(77,800)	(30,823)
Fund Balance at Beginning of Year	26,917	26,917	26,917	0
Prior Year Encumbrances	46,977	46,977	46,977	0
Fund Balance at End of Year	<u>\$ 26,917</u>	<u>\$ 26,917</u>	<u>\$ (3,906)</u>	<u>\$ (30,823)</u>

See accompanying notes to the basic financial statements

CHAMPAIGN COUNTY, OHIO

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) Special Revenue Fund - Motor Vehicle License Gas Tax Fund For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Other Local Taxes	147,000	147,000	148,386	1,386
Intergovernmental Revenues	3,710,000	3,710,000	3,688,322	(21,678)
Charges for Services	1,100	1,100	937	(163)
Investment Earnings	180,000	180,000	81,288	(98,712)
All Other Revenues	361,550	361,550	629,091	267,541
Total Revenues	<u>4,399,650</u>	<u>4,399,650</u>	<u>4,548,024</u>	<u>148,374</u>
Expenditures:				
Current:				
Public Works	6,095,061	6,145,061	4,761,075	1,383,986
Total Expenditures	<u>6,095,061</u>	<u>6,145,061</u>	<u>4,761,075</u>	<u>1,383,986</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,695,411)	(1,745,411)	(213,051)	1,532,360
Other Financing Sources (Uses):				
Transfers Out	0	0	(58,119)	(58,119)
Total Other Financing Sources (Uses):	<u>0</u>	<u>0</u>	<u>(58,119)</u>	<u>(58,119)</u>
Net Change in Fund Balance	(1,695,411)	(1,745,411)	(271,170)	1,474,241
Fund Balance at Beginning of Year	4,167,259	4,167,259	4,167,259	0
Prior Year Encumbrances	233,533	233,533	233,533	0
Fund Balance at End of Year	<u>\$ 2,705,381</u>	<u>\$ 2,655,381</u>	<u>\$ 4,129,622</u>	<u>\$ 1,474,241</u>

See accompanying notes to the basic financial statements

CHAMPAIGN COUNTY, OHIO

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) Special Revenue Fund - Lawnview 169 Board Fund For the Year Ended December 31, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Property Taxes	\$ 2,447,500	\$ 2,447,500	\$ 2,276,931	\$ (170,569)
Intergovernmental Revenues	2,039,212	2,103,551	2,476,519	372,968
Charges for Services	536,024	536,024	423,740	(112,284)
Rentals	0	0	71	71
All Other Revenues	105,515	105,515	97,350	(8,165)
Total Revenues	<u>5,128,251</u>	<u>5,192,590</u>	<u>5,274,611</u>	<u>82,021</u>
Expenditures:				
Current:				
Health	<u>5,571,545</u>	<u>5,669,564</u>	<u>5,336,556</u>	<u>333,008</u>
Total Expenditures	<u>5,571,545</u>	<u>5,669,564</u>	<u>5,336,556</u>	<u>333,008</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(443,294)	(476,974)	(61,945)	415,029
Fund Balance at Beginning of Year	1,268,184	1,166,001	1,166,001	0
Prior Year Encumbrances	0	102,183	102,183	0
Fund Balance at End of Year	<u>\$ 824,890</u>	<u>\$ 791,210</u>	<u>\$ 1,206,239</u>	<u>\$ 415,029</u>

See accompanying notes to the basic financial statements

CHAMPAIGN COUNTY, OHIO

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) Special Revenue Fund – Children’s Services Fund For the Year Ended December 31, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 528,476	\$ 528,476	\$ 484,179	\$ (44,297)
Intergovernmental Revenues	455,774	455,774	833,021	377,247
Rentals	0	0	234	234
All Other Revenues	<u>190,000</u>	<u>190,000</u>	<u>54,317</u>	<u>(135,683)</u>
Total Revenues	<u>1,174,250</u>	<u>1,174,250</u>	<u>1,371,751</u>	<u>197,501</u>
Expenditures:				
Current:				
Welfare	<u>1,212,003</u>	<u>1,212,003</u>	<u>759,600</u>	<u>452,403</u>
Total Expenditures	<u>1,212,003</u>	<u>1,212,003</u>	<u>759,600</u>	<u>452,403</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(37,753)	(37,753)	612,151	649,904
Fund Balance at Beginning of Year	801,898	801,898	801,898	0
Prior Year Encumbrances	<u>37,753</u>	<u>37,753</u>	<u>37,753</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 801,898</u>	<u>\$ 801,898</u>	<u>\$ 1,451,802</u>	<u>\$ 649,904</u>

See accompanying notes to the basic financial statements

CHAMPAIGN COUNTY, OHIO

Statement of Net Assets – Cash Basis Proprietary Fund December 31, 2010

	Wellington Nursing and Rehabilitation Center
Assets:	
Current Assets:	
Cash and Cash Equivalents	\$ 201,751
Total Assets	<u>201,751</u>
Net Assets:	
Unrestricted	<u>201,751</u>
Total Net Assets	<u>\$ 201,751</u>

See accompanying notes to the basic financial statements

CHAMPAIGN COUNTY, OHIO

Statement of Revenues, Expenses and Changes in Fund Net Assets – Cash Basis Proprietary Fund For the Year Ended December 31, 2010

	Wellington Nursing and Rehabilitation Center
Operating Revenues:	
Charges for Services	\$ 29,913
Total Operating Revenues	<u>29,913</u>
Operating Expenses:	
Personal Services	2,182
Contractual Services	<u>3,399</u>
Total Operating Expenses	<u>5,581</u>
Income Before Transfers	24,332
Transfers:	
Transfers Out	<u>(614,126)</u>
Total Transfers	<u>(614,126)</u>
Change in Net Assets	(589,794)
Net Assets Beginning of Year	<u>791,545</u>
Net Assets End of Year	<u>\$ 201,751</u>

See accompanying notes to the basic financial statements

CHAMPAIGN COUNTY, OHIO

Statement of Assets and Liabilities – Cash Basis Fiduciary Funds December 31, 2010

	<u>Agency Funds</u>
Assets:	
Cash and Cash Equivalents	\$ 8,302,292
Cash and Cash Equivalents in Segregated Accounts	497,386
Total Assets	<u>8,799,678</u>
Liabilities:	
Undistributed Monies Due to Others	8,799,678
Total Liabilities	<u>\$ 8,799,678</u>

See accompanying notes to the basic financial statements

CHAMPAIGN COUNTY, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The accompanying basic financial statements comply with the provisions of GASB Statement No. 14, *"The Financial Reporting Entity,"* in that the financial statements include all organizations, activities, functions and component units for which the County (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the County's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the County. Based on the foregoing, the County's financial reporting entity includes all funds, agencies, boards and commissions that are part of the primary government, which include the following services: legislative and executive, judicial, public safety, welfare, health, conservation and recreation, public works, and community and economic development. In addition, the County includes in its financial statements, a nursing and rehabilitation center, which is reported as an enterprise fund. In 2008, the center was sold by the County. The activity in this fund is limited to prior outstanding fees owed.

B. Discretely Presented Component Units

The component unit columns in the entity-wide financial statements identifies the financial data of the County's discretely presented component units, Lawnview Industries, Inc. and Home Options, Inc. Both are reported separately to emphasize that they are legally separate from the County.

Lawnview Industries, Inc. – Lawnview Industries, Inc. (Lawnview) is a legally separate, not-for-profit corporation, served by a self-appointing board of trustees. Lawnview, under contractual agreement with the Champaign County Board of Developmental Disabilities (CCBDD), provides sheltered employment, while educating and training the developmentally disabled citizens of Champaign County. CCBDD reimburses and provides certain operating expenses as necessary for the operation of Lawnview. Based on the significant services and resources provided by the CCBDD to Lawnview and Lawnview's sole purpose of providing assistance to the developmentally disabled adults of Champaign County. Lawnview is a component unit of the County. Complete financial statements for Lawnview may be obtained from the administrative offices at 1250 East Route 36, Urbana, Ohio 43078. (See Note 12 A.)

Home Options, Inc. – Home Options, Inc. is a legally separate, not-for-profit corporation. It provides housing exclusively for CCBDD clients. CCBDD reimburses and provides certain operating expenses as necessary for the operation of Home Options, Inc. Based on the significant services and resources provided by the CCBDD to Home Options, Inc. and Home Options' sole purpose of providing assistance to the developmentally disabled adults of Champaign County. Home Options, Inc. is a component unit of the County. Complete financial statements for Home Options, Inc. may be obtained from the administrative offices at 1250 East Route 36, Urbana, Ohio 43078. (See Note 12 B.)

CHAMPAIGN COUNTY, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The information presented in Note 2 through Note 11 along with Notes 13 and 14 relates to the primary government. Information related to the discretely presented component units is presented in Note 12.

As custodian of public funds, the County Treasurer invests all public monies held on deposit in the County treasury. In the case of the separate organizations listed below, the County serves as fiscal agent, but the organizations are not considered part of Champaign County. Accordingly, the activity of the following organizations is reported as agency funds within the financial statements:

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

The County participates in the Tri-County Regional Jail with Madison and Union counties, which is defined as a joint venture. A joint venture is a legal entity or other organization that results from a contractual arrangement, and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain an ongoing financial interest or an ongoing financial responsibility. This organization is presented in Note 10 to the Basic Financial Statements.

The County is associated with six organizations, five of which are defined as jointly governed organizations and one as a risk sharing pool. These organizations are presented in Notes 9 and 11 to the basic financial statements. These organizations are:

Jointly Governed Organization:
Central Ohio Youth Center
Champaign County Child and Family Council
Fairways Regional Council of Governments
Champaign Countywide Public Safety Communications System Council of Governments
North Central Ohio Solid Waste Management District

Risk Sharing Pool:
Public Entities Pool of Ohio

CHAMPAIGN COUNTY, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Fund Accounting

The accounting system is organized and operated on the basis of funds each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. The following fund types are used by the County:

Governmental Funds

Governmental funds are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. The following are the County's major governmental funds:

General Fund – This fund represents the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the County for any purpose provided it is expended or transferred according to the laws of Ohio.

Job and Family Services Fund - This fund accounts for federal, State, and certain public monies used to provide public assistance to general relief recipients, pay providers for medical assistance, and social services.

Motor Vehicle and Gasoline Tax Fund - This fund accounts for State-levied, shared monies derived from gasoline taxes and the sale of motor vehicle licenses. Disbursements are restricted by State law to County road and bridge repair/improvement programs.

Lawnview 169 Board Fund - This fund accounts for the operation of a school for the persons who are developmentally disabled, financed by a County-wide property tax levy and federal and State grants.

Children's Services Fund - This fund is used to account for certain federal, state, and local monies used to promote and protect safe children, stable families, adoption assistance and supportive communities.

CHAMPAIGN COUNTY, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Fund Accounting (Continued)

Proprietary Funds

Proprietary funds focus on the determination of operating income, changes in net assets, financial positions, and cash flows. The County's proprietary fund is an enterprise fund.

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The County's major enterprise fund is:

Wellington Nursing and Rehabilitation Fund – This fund is used to account for the operations of the County nursing home. In 2008, the center was sold by the County. The activity in this fund is limited to prior outstanding fees owed.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the County under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the County's own programs. Agency funds are purely custodial in nature and are used to account for assets held by the County for political subdivisions for which the County acts as fiscal agent and for taxes, State-levied shared revenues, and fines and forfeitures collected and distributed to other political subdivisions.

D. Basis of Presentation – Financial Statements

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 and its two discretely presented component units, except for fiduciary funds. The statements distinguish between those activities of the County that are governmental and those that are considered business-type activities.

Transfers between governmental funds are eliminated on the government-wide Statement of Activities.

CHAMPAIGN COUNTY, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Presentation – Financial Statements (Continued)

The government-wide statements are prepared using the cash basis of accounting. Receipts are recorded in the County's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the County are described in the appropriate section in this note.

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the County and for each function or program of the County's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the County.

Fund Financial Statements – Fund financial statements report detailed information about the County. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

All governmental fund types are accounted for using the cash basis of accounting. The financial statement for governmental funds is the statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for using the cash basis of accounting. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

CHAMPAIGN COUNTY, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Basis of Accounting

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

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

F. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year.

All funds, other than agency funds, are legally required to be budgeted and appropriated; however, only the General and major special revenue funds are required to be reported. The legal level of control has been established by the County Commissioners at the object level (personal services, materials and supplies, charges and services, capital purchases, and other) within each department of the General Fund and the fund level for all other funds.

1. Tax Budget

By July 15, each County department must submit an annual tax budget for the following fiscal year to the County Commissioners for consideration and passage. The adopted budget is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20th of each year, for the period January 1 to December 31 of the following year.

CHAMPAIGN COUNTY, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Budgetary Process (Continued)

2. Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Budget Commission then certifies its actions to the County by September 1st of each year. As part of the certification process the County receives an official certificate of estimated resources which states the projected receipts by fund. Prior to December 31, the County must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2010.

3. Appropriations

A temporary appropriations resolution to control expenditures may be passed on or about January 1st of each year for the period January 1 through March 31. An annual appropriations resolution must be passed by April 1st of each year for the period January 1st through December 31st. The appropriations resolution establishes spending controls at the fund, function, organizational unit and/or department, and object level. The appropriations resolution may be amended during the year by resolution of the County Commissioners as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources. During 2010, several supplemental appropriations were necessary to budget for unanticipated expenditures. Expenditures may not legally exceed budgeted appropriations at the object level for the General Fund and the fund level for all other funds. Administrative control is maintained through the establishment of more detailed line-item budgets. Management may transfer appropriations within the object level (among line items) for an organizational unit and/or department provided total appropriations for that object and organizational unit and/or department do not exceed amounts established by the County Commissioners. The budgetary figures, which appear on the budgetary statements, are provided on the budgetary basis to provide a comparison of actual results with the final budget, including all amendments and modifications.

CHAMPAIGN COUNTY, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Budgetary Process (Continued)

4. Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for expenditures are encumbered and recorded as the equivalent of expenditures (budget basis) in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance.

5. Lapsing of Appropriations

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriations balance is carried forward to the subsequent fiscal year and need not be reappropriated.

6. Budgetary Basis of Accounting

The County's budgetary process accounts for certain transactions on a budgetary basis. Under the budgetary basis, revenues and expenditures are recognized on the cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid.

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CHAMPAIGN COUNTY, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Budgetary Process (Continued)

6. Budgetary Basis of Accounting (Continued)

A reconciliation of the results of operations for the year from the cash basis to the budgetary basis for the general fund and for the major special revenue funds is shown below:

	Net Change in Fund Balances				
	General	Job and Family Services	Motor Vehicle License Gas Tax	Lawnview 169 Board	Children's Services
Cash Basis (as reported)	(\$243,519)	(\$54,915)	\$192,509	\$56,743	\$612,151
Unrecorded Cash 2009	40,682	0	0	0	0
Outstanding Encumbrances	(61,089)	(22,885)	(463,679)	(118,688)	0
Budget Basis	<u>(\$263,926)</u>	<u>(\$77,800)</u>	<u>(\$271,170)</u>	<u>(\$61,945)</u>	<u>\$612,151</u>

G. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, the State Treasury Asset Reserve of Ohio (STAR Ohio), certificates of deposit and money market deposit accounts. The STAR Ohio, certificates of deposit and money market accounts are considered cash equivalents because they are highly liquid investments.

H. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. All investment income is recognized as revenue in the operating statements. See Note 2, "Cash, Cash Equivalents and Investments." During 2010, the County invested funds in certificates of deposit, money market accounts and STAR Ohio.

CHAMPAIGN COUNTY, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Investments (Continued)

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2010. All investments are valued at share market prices, which are the prices the investments could be sold for on December 31, 2010. See Note 2, "Cash, Cash Equivalents and Investments."

I. Interfund Activity

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

J. Reservations of Fund Balance

Reservations of fund balance indicate that a portion of the balance is not available for expenditure or is legally segregated for a specific future use. Balances are reserved for encumbered amounts at year end in the governmental funds.

K. Net Assets

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 regulations of other governments. The County did not have any net assets restricted by enabling legislation during 2010.

The County applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

CHAMPAIGN COUNTY, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2010

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS

The County Treasurer combines a majority of cash resources of the individual funds to form a pool of cash and investments. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and Cash Equivalents." Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost. Ohio law requires the classification of funds held by the County into three categories.

Category 1 consists of "active" funds - those funds required to be kept in a "cash" or "cash equivalent" status for immediate use by the County. Such funds must be maintained either as cash in the County treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of "inactive" funds - those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing not later than the end of the current period of designation of depositories.

Category 3 consists of "interim" funds - those funds which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

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

CHAMPAIGN COUNTY, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2010

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).
- Commercial paper notes issued by any corporation for profit that is incorporated under the laws of the United States or any state pursuant to specifications within the Ohio Revised Code.

A. Deposits

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned. Champaign County's policy as it relates to custodial credit risk is to follow the Ohio Revised Code Chapter 135. Protection of County cash and deposits is provided by the federal deposit insurance corporation as well as qualified securities pledged by the institution holding the assets. Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the County places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

At year end the carrying amount of the County's deposits was \$20,297,151 and the bank balance was \$20,721,634. Federal depository insurance covered \$500,000 of the bank balance and \$20,221,634 was uninsured. Of the remaining uninsured bank balance, the County was exposed to custodial risk as follows:

	<u>Balance</u>
Uninsured and collateralized with securities held by the pledging institution's trust department not in the County's name	\$20,221,634

At year end, the carrying amounts of Lawnview Industries' and Home Options Inc. (component units) deposits were \$173,136 and \$6,192, respectively. The bank balances for both were \$173,136 and \$6,192. Federal depository insurance covered all of the bank balances.

CHAMPAIGN COUNTY, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2010

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

B. Investments

	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Investment Maturities (in Years)</u>		
			<u>less than 1</u>	<u>1-3</u>	<u>3-5</u>
STAR Ohio	<u>\$7,025</u>	AAAm ¹	<u>\$7,025</u>	<u>\$0</u>	<u>\$0</u>

¹ Standard & Poor's

Interest Rate Risk – Ohio Revised Code Section 135, generally limits security purchases to those that mature within five years of settlement date. In accordance with the County's investment policy, the Treasurer will not directly invest in securities maturing more than five years from the settlement date.

Investment Credit Risk – The County has no investment policy that limits its investment choices other than the limitation of State statute for "interim" funds described previously.

NOTE 3 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property located in the County and used in business. Real property taxes (other than public utility) collected during 2010 were levied after October 1, 2009 on assessed values as of January 1, 2009, the lien date. Assessed values were established by the county auditor at 35 percent of appraised market value. All property must be reappraised every six years and equalization adjustments made in the third year following reappraisal. The last revaluation was completed in 2008. Real property taxes are payable annually or semi-annually. The first payment is due February 14; the remainder payable by July 20.

Tangible personal property tax revenues received in 2010 (other than public utility property) represent the collection of 2010 taxes. Tangible personal property taxes received in 2010 were levied after October 1, 2009, on the true value as of January 1, 2009. In prior years, tangible personal property assessments were twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. Tangible personal property tax has been phased out. The assessment percentage for property, including inventory is 0% for 2010. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

CHAMPAIGN COUNTY, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2010

NOTE 3 - TAXES (Continued)

A. Property Taxes (Continued)

House Bill No. 66 was signed into law on June 30, 2005. House Bill No.66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property was eliminated in calendar year 2008, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the County due to the phasing out of the tax. In calendar years 2006-2010, the County will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property is currently assessed at 100 percent of its true value. Public utility property taxes are payable on the same dates as real property described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County. The County Auditor periodically distributes to the taxing districts their portion of the taxes collected in June and December for taxes payable in the first and second halves of the year, respectively.

The full tax rate to the County for the year ended December 31, 2010, was \$10.7 per \$1,000 of assessed value. The assessed value upon which the 2010 tax receipts was based was \$733,215,500. This amount constitutes \$709,606,980 in real property assessed value, \$23,608,520 in public utility assessed value.

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the County's share is 1.07% (10.70 mills) of assessed value.

B. Permissive Sales and Use Tax

The County Commissioners, by resolution, imposed a one and one-half percent tax on all retail sales made in the County, except sales of motor vehicles, and on the storage, use, or consumption of tangible personal property in the County, including motor vehicles, not subject to the sales tax. The allocation of the sales tax is 100 percent to the County's General Fund. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies the amount of the tax to be returned to the County to the Office of Budget and Management. The Tax Commissioner's certification must be made within 45 days after the end of each month. The Tax Commissioner shall then, on or before the twentieth of the month in which certification is made, provide for payment to the County.

CHAMPAIGN COUNTY, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2010

NOTE 3 - TAXES (Continued)

C. Other Taxes

In addition to property taxes, certain other taxes are recognized as intergovernmental revenue by the County. These taxes include state shared taxes, gasoline taxes, inheritance taxes and miscellaneous other taxes which have varying lien, levy and collection dates.

NOTE 4 – INTERFUND ACTIVITY

A. Transfers

The following balances at December 31, 2010 represent transfers in and transfers out:

Fund	Transfer In	Transfer Out
Governmental Funds:		
General Fund	\$0	\$325,950
Motor Vehicle License Gas Tax Fund	0	58,119
Other Governmental Funds	998,195	0
Total Governmental Fund Transfers	<u>998,195</u>	<u>384,069</u>
Enterprise Funds:		
Wellington Nursing and Rehabilitation Center Fund	0	614,126
Total Enterprise Fund Transfers	<u>0</u>	<u>614,126</u>
Total All Transfers	<u>\$998,195</u>	<u>\$998,195</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; and to return money to the fund from which it was originally provided once a project is completed.

B. Advances

Fund	Advances In	Advances Out
Governmental Funds:		
General Fund	\$2,765	\$0
Other Governmental Funds	0	2,765
Total All Transfers	<u>\$2,765</u>	<u>\$2,765</u>

The balances due represent loans made to provide working capital for operations or projects. All of these amounts are expected to be repaid within one year.

CHAMPAIGN COUNTY, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2010

NOTE 5 – DEFINED BENEFIT PENSION PLANS

All of the County's full-time employees participate in one of two separate retirement systems which are cost-sharing multiple employer defined benefit pension plans.

A. Ohio Public Employees Retirement System ("OPERS")

The following information was provided by OPERS to assist the County in complying with GASB Statement No. 27, "*Accounting for Pensions by State and Local Government Employers.*"

All employees of the County, except teachers at the Board of Developmental Disabilities, participate in one of the three pension plans administered by OPERS: the Traditional Pension Plan (TP), the Member-Directed Plan (MD), and the Combined Plan (CO). The TP Plan is a cost-sharing multiple employer defined benefit pension plan.

The MD Plan 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 MD Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon. The CO Plan is a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. Under the CO Plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the TP Plan. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the MD Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the TP Plan and CO Plan. Members of the MD Plan do not qualify for ancillary benefits, including postemployment health care benefits. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Ohio Public Employees Retirement System issues a stand-alone financial report that includes financial statements and required supplementary information for OPERS. Interested parties may obtain a copy by making a written request to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

The ORC provides statutory authority for employee and employer contributions. For 2010, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 10.0%. The 2010 employer contribution rate for local government employer units was 14.00% of covered payroll which is the maximum contribution rate set by State statutes. The 2010 employer contribution rate for law enforcement government employer units was 17.87% of covered payroll with a maximum contribution rate set by State statutes of 18.1%. Employer contribution rates are actuarially determined. A portion of the County's contribution is used to fund pension obligations with the remainder being used to fund

CHAMPAIGN COUNTY, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2010

NOTE 5 – DEFINED BENEFIT PENSION PLANS (Continued)

A. Ohio Public Employees Retirement System (“OPERS”) (Continued)

health care benefits. The portion of employer contributions allocated to pension obligations for members in the Traditional Plan was 8.5% from January 1 through February 28, 2010 and 9.0% from March 1 through December 31, 2010. The portion of employer contributions allocated to pension obligations for members in the Combined Plan was 9.27% from January 1 through February 28, 2010, and 9.77% from March 1 through December 31, 2010.

For law enforcement, the portion of employer contributions allocated to pension obligations for members in the Traditional Plan was 12.37% from January 1 through February 28, 2010 and 12.87% from March 1 through December 31, 2010. The portion of employer contributions allocated to pension obligations for members in the Combined Plan was 13.14% from January 1 through February 28, 2010, and 13.64% from March 1 through December 31, 2010. The contribution requirements of plan members and the County are established and may be amended by the OPERS Board. The County's contributions to the Ohio PERS for the years ending December 31, 2010 and 2009 were \$1,674,919 and \$1,651,751, respectively, for employees of the County and \$193,875 and \$176,582 respectively, for law enforcement officers, which were equal to the required contributions for each year.

B. State Teachers Retirement System

Plan Description - The teachers who work for the Board of Developmental Disabilities participate in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

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

CHAMPAIGN COUNTY, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2010

NOTE 5 – DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System (Continued)

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

Funding Policy - For the fiscal year ended June 30, 2010, plan members were required to contribute 10 percent of their annual covered salaries. The County was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2009, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The County's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010 and 2009 were \$14,349 and 14,017 respectively; which were equal to the required contributions for each year. All contributions from the County and plan members were made to the defined benefit plan.

NOTE 6 - POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System ("OPERS")

Plan Description – OPERS administers three separate pension plans: the Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program and Medicare Part B Premium reimbursement, to qualifying member 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.

CHAMPAIGN COUNTY, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2010

NOTE 6 - POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System (“OPERS”) (Continued)

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 an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45.

The ORC 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 ORC.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

Funding Policy – The ORC provides the statutory authority requiring public employers to fund post retirement health care coverage 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 2010, local government employers contributed at a rate of 14.00% of covered payroll. Law enforcement employers contributed at a rate of 17.87% of covered payroll. The ORC currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for local government employers and 18.1% for law enforcement. Active members do not make contributions to the OPEB plan.

The OPERS Postemployment 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 postemployment health care benefits. For employees of the County including law enforcement employees, the portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5% from January 1 through February 28, 2010 and 5.0% from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73% from January 1 through February 28, 2010, and 4.23% from March 1 through December 31, 2010. 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.

The County's contributions for health care to the OPERS for the years ending December 31, 2010 and 2009 were \$608,590 and \$693,146, respectively, for employees of the County and \$55,150 and \$58,844 respectively, for law enforcement officers, which were equal to the required contributions for each year.

CHAMPAIGN COUNTY, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2010

NOTE 6 - POSTEMPLOYMENT BENEFITS (Continued)

A. Ohio Public Employees Retirement System (“OPERS”) (Continued)

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

B. State Teachers Retirement System

Plan Description - The teachers who work for the Board of Developmental Disabilities participate in the State Teachers Retirement System of Ohio, a cost sharing, multiple-employer public employee retirement system.

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2010, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The County’s contributions for health care for the fiscal years ended June 30, 2010 and 2009 were \$1,251 and \$1,632 respectively; which were equal to the required contributions for each year.

NOTE 7 - LONG-TERM LIABILITIES

Long-term debt and other long-term obligations of the County at December 31, 2010 were as follows:

<u>Types / Issues</u>	<u>Balance at 12/31/2009</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance at 12/31/2010</u>	<u>Due Within One Year</u>
Loans:					
2002 Ohio Public Works Commission	\$464,953	\$0	(\$58,119)	\$406,834	\$58,119
General Obligations Bonds:					
1998 County Various Purpose General Obligation Bonds \$1,180,000 – 5.5%	215,000	0	(215,000)	0	0
2005 County Building Refunding Bonds \$2,010,000 – 4.5%	1,920,000	0	(25,000)	1,895,000	240,000
Total General Obligation Bonds Payable	2,135,000	0	(240,000)	1,895,000	240,000
Total – General Long-Term Obligations	<u>\$2,599,953</u>	<u>\$0</u>	<u>(\$298,119)</u>	<u>\$2,301,834</u>	<u>\$298,119</u>

CHAMPAIGN COUNTY, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2010

NOTE 7 - LONG-TERM LIABILITIES (Continued)

A. Principal and Interest Requirements

A summary of the County's future debt service requirements including principal and interest at December 31, 2010 follows:

Years	General Obligation Bonds		OPWC Loan
	Principal	Interest	Principal
2011	\$240,000	\$73,300	\$58,119
2012	255,000	64,900	58,119
2013	260,000	54,700	58,119
2014	270,000	45,600	58,119
2015	280,000	34,800	58,119
2016-2017	590,000	35,600	116,239
Totals	<u>\$1,895,000</u>	<u>\$308,900</u>	<u>\$406,834</u>

B. Conduit Debt

The County has limited obligation bonds totaling \$20,484 with Champaign Residential Services, Inc. and \$1,952,870 with Urbana University. In the event of default by the agencies, the County's obligation would be limited to revenue derived from the rental or sale of the buildings.

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

In 2010, the County issued special limited revenue obligation bonds in the amount of \$12,300,000 to WICOR Americas Inc. At 12/31/2010, the outstanding balance was \$12,052,583. In the event of default by the agency, the County's obligation would be limited to loan payments from Weidman Electrical Technology Inc.

In 2010, the County entered into an agreement with the County of Allen (Catholic Health Partners) for Ohio Hospital Facilities Revenue Bonds, series 2010. The bonds would not exceed \$825,000,000. The bonds would not constitute a liability of Champaign County; instead the bonds would be the sole obligation of Catholic Health Partners.

CHAMPAIGN COUNTY, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2010

NOTE 8 - CONTINGENCIES

A. Litigation

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

B. Federal and State Grants

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

NOTE 9 - JOINTLY GOVERNED ORGANIZATIONS

A. Central Ohio Youth Center

The Central Ohio Youth Center is a jointly governed organization involving Union, Champaign, Delaware, Logan and Madison Counties. The Center provides facilities for the training, treatment and rehabilitation of delinquent, dependent, abused, or neglected children and was established under Section 2151.34 of the Ohio Revised Code. The operation of the Center is controlled by a joint board of trustees whose membership consists of two appointees of the Union County Commissioners, two appointees of the Delaware County Commissioners, and one appointee from Champaign, Logan, and Madison Counties. Each county's ability to influence the operations of the Center is limited to their representation on the board of trustees. Appropriations are adopted by the joint board of trustees who exercise control over the operation, maintenance, and construction of the Center. Union County serves as the fiscal agent. Each county is charged for their share of the operating costs of the Center based on the number of individuals from their County in attendance. During 2010, Champaign County contributed \$404,102 for operations of the Center. Financial information may be obtained by writing to Victoria M. Jordan, Superintendent of the Central Ohio Youth Center, 18100 State Route 4, Marysville, Ohio 45040.

CHAMPAIGN COUNTY, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2010

NOTE 9 - JOINTLY GOVERNED ORGANIZATIONS (Continued)

B. Champaign County Child and Family Council

The Champaign County Child and Family Council was established under Section 121.37 of the Ohio Revised Code to provide help to families seeking government services. These services are provided through coordination, collaboration and cooperation of parents and of public and private agencies and shall foster and develop resources, which minimize barriers and enable families to build on their strengths to enhance their quality of life. Council membership is set by statute and includes the chair of the board of county commissioners, or an individual designated by the board. Appropriations are adopted by the Champaign County Budget Commission and the Champaign County Auditor serves as the fiscal agent. During the period of January through June 2006, the Champaign County Commissioners served as the Council's administrative agent. Beginning July 1, 2006, the Mental Health, Drug and Alcohol Services Board of Logan and Champaign Counties became the Council's administrative agent. During 2010, Champaign County contributed \$13,500 to the Champaign County Child and Family Council (FCFC). Financial information may be obtained by writing to Stacey Logwood, Director of the Champaign County Child and Family Council, 2200 South US Highway 68, Urbana, Ohio 43078, P.O. Box 38147.

C. Fairways Regional Council of Governments

The County is a participant in the Fairways Regional Council of Governments (the Council), a jointly governed organization with Champaign and Madison Counties. The purpose of the Council is to provide supported living services and family support services for individuals with developmental disabilities and their families. The Council started providing these services in September 1998 and is established under section 167 of the Ohio Revised Code. The Council is governed by a three-member board of directors, consisting of the superintendents of the participating Counties' Developmental Disabilities Boards. Champaign County has no ongoing financial responsibility to the Board. During 2010, Champaign County contributed \$77,207 towards the operation of the Council. Financial information may be obtained by writing to 245 Valley Road, Xenia, Ohio 45385.

D. Champaign Countywide Public Safety Communications System Council of Governments

The County entered into an agreement in April 2005 with the Champaign Countywide Public Safety Communications System Council of Governments (COG) whereby the City of Urbana and the County created the COG for the purpose of operating an enhanced 9-1-1 system. The COG contracted with Champaign County to serve as its fiscal agent. During 2010, the County did not contribute towards the operation of the COG. Financial information may be obtained by writing to 1512 South US Highway 68, Suite A100, Urbana, Ohio 43078.

CHAMPAIGN COUNTY, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2010

NOTE 9 - JOINTLY GOVERNED ORGANIZATIONS (Continued)

E. North Central Ohio Solid Waste Management District

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

Champaign County initially contributed approximately 12 percent of the total funds contributed. In 1994, the District became self-supporting and does not anticipate having to rely on future support coming from funds given to the District by the six counties involved. The County contributed \$133 to the District in 2010. Complete financial statements can be obtained from the North Central Ohio Solid Waste Management District, Allen County, Ohio. Financial information may be obtained by writing to 212 N Elizabeth Street, Lima, Ohio 45801.

NOTE 10 – JOINT VENTURE

Champaign County is a participant in the Tri-County Regional Jail, which is a joint prison capable of minimum, medium, and maximum security. The prison was built to house convicted criminals from Madison, Union and Champaign Counties. The governing board consists of the Champaign County Sheriff and the Common Pleas Judge from each of the aforementioned counties, with the judge from Champaign County chairing the board. The Champaign County Auditor serves as fiscal agent for the Jail. During 2010, Champaign County contributed \$1,545,691 towards the operation of the jail.

The percentage of equity interest for the County is based on the amount that will be distributed to the County if the contract is terminated. The County's equity interest of \$288,974 represents 33.3 percent of the total equity of the Jail. The Jail is not accumulating significant financial resources nor experiencing fiscal stress which would cause additional financial benefit to or burden on the County. Financial information can be obtained by writing the Champaign County Auditor, 1512 South U.S. Highway 68, Urbana, OH 43078.

CHAMPAIGN COUNTY, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2010

NOTE 11 – RISK SHARING POOL

The Public Entities Pool of Ohio (PEP) is a statutory entity created pursuant to section 2744.081, of the Ohio Revised Code, by the execution of an intergovernmental contract (“Participation Agreements”). PEP enables the subscribing subdivisions to pool risk for property, liability and public official liability.

PEP has no employees, rather it is administered through contracts with various professionals. Pursuant to a contract, the firm of American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc., administers PEP. PEP is a separate legal entity. PEP subcontracts certain self-insurance, administrative and claims functions to a “Pool Operator,” currently Pottering Insurance. PEP has executed contracts with various professionals for actuary services, as independent auditors, as loss control representatives, as litigation management and defense law firms, as counsel to PEP and others as required.

The County pays an annual “premium” to PEP for the coverage they are provided, based on rates established by PEP, using anticipated and actual results of operation for the various coverages provided. Participants are also charged for a “surplus contribution” that is used to fund the activities of PEP. During 2010, Champaign County made premium payments of \$135,199 to PEP. There was no required surplus contribution in 2010.

PEP is governed by a seven member Board of Trustees elected by the members of PEP. The County makes an annual contribution to PEP for the coverage it is provided, based on rates established by PEP. Financial information may be obtained by writing to the Public Entities Pool of Ohio, 229 Riverside Drive, Dayton, Ohio, 45402.

NOTE 12 - DISCRETELY PRESENTED COMPONENT UNITS

A. Lawnview Industries, Inc.

Summary of Significant Accounting Policies

ORGANIZATION – Lawnview Industries, Inc. is incorporated as a non-governmental not-for-profit organization under the laws of the State of Ohio.

NATURE OF OPERATIONS – Lawnview Industries, Inc. was organized to give the citizens of Champaign County who are developmentally disabled an opportunity for sheltered employment while educating and training these citizens for a position in the competitive job market. Lawnview Industries, Inc. contracts with local businesses and organizations for various jobs that can be performed within its production capabilities.

BASIS OF PRESENTATION – The financial statements of Lawnview Industries, Inc. are reported using the cash basis of accounting. Receipts are recorded in the Lawnview Industries, Inc. financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

CHAMPAIGN COUNTY, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2010

NOTE 12 - DISCRETELY PRESENTED COMPONENT UNITS (Continued)

A. Lawnview Industries, Inc. (Continued)

CASH EQUIVALENTS – For the purpose of determining cash flows, Lawnview Industries, Inc. considers cash on hand and amounts in demand deposits to be cash and cash equivalents.

FEDERAL INCOME TAXES – Lawnview Industries, Inc. is exempt from federal income tax under Section 501© (3) of the Internal Revenue Code.

1. Programs

Lawnview Industries, Inc. began operating “Art on Main” in 2001 to give individuals participating at Lawnview Industries, Inc. an opportunity to sell their artwork. The program operates in the Lawnview Industries, Inc.’s facility. In 2010, total revenue amounted to \$2,576. Expenses for Art on Main totaled \$1,393 in 2010.

2. Employee Advisory Committee

The Employee Advisory Committee (formerly Silver Classics) is a wholly owned subsidiary of Lawnview Industries, Inc. Proceeds from the sale of items of the Employee Advisory Committee are used for the benefit of the developmentally disabled citizens of Champaign County in conjunction with the services provided by Lawnview Industries, Inc. The Committee had sales of \$12,804 in 2010. Expenses for the same period were \$11,774. A separate cash account is maintained for the Committee. These balances are included in Lawnview Industries, Inc.’s financial statements.

3. Related Party

Lawnview Industries, Inc. has an ongoing relationship with the Champaign County Board of Developmental Disabilities. As part of this relationship, Lawnview Industries, Inc. reimburses the County Board in an amount agreed upon by the two organizations for selected operating expenses incurred by Lawnview Industries, Inc. Reimbursements paid by Lawnview Industries, Inc. to the County Board are recognized as part of the operating disbursements when paid. As part of this relationship, the County Board pays for various operating disbursements incurred by Lawnview Industries, Inc. on an in-kind (on behalf) basis. These payments are not reported by Lawnview Industries, Inc. on a cash basis of accounting.

4. Concentrations

Lawnview Industries, Inc. contracts with local businesses, primarily in Champaign County, for various jobs that can be performed within the production capabilities of Lawnview Industries, Inc.

CHAMPAIGN COUNTY, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2010

NOTE 12 - DISCRETELY PRESENTED COMPONENT UNITS (Continued)

B. Home Options, Inc.

Summary of Significant Accounting Policies

ORGANIZATION – Home Options, Inc. is incorporated as a non-governmental not-for-profit organization under the laws of the State of Ohio.

NATURE OF OPERATIONS – Home Options, Inc. provides lifetime affordable housing in Champaign County, Ohio for persons with developmental disabilities. Home Options, Inc. utilizes grants received from the State of Ohio to purchase residential real estate, which is in turn rented to persons with developmental disabilities. Rent is established based upon each renter's ability to pay. The primary resource for renters is Home Options, Inc., which is also a component unit of Champaign County.

BASIS OF ACCOUNTING – The financial statements of Home Options, Inc. are reported using the cash basis of accounting. Receipts are recorded in the Home Options, Inc. financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

CASH EQUIVALENTS – For the purpose of determining cash flows, Home Options, Inc. considers cash on hand and amounts in demand deposits to be cash and cash equivalents.

FEDERAL INCOME TAXES – Home Options, Inc. is exempt from federal income tax under Section 501©(3) of the Internal Revenue Code.

1. Related Party

Home Options, Inc. has an ongoing relationship with the Champaign County Board of Developmental Disabilities. As part of this relationship, the County Board pays for various operating expenses incurred by Home Options, Inc. on an in-kind basis. These payments are not reported by Home Options, Inc. on the cash basis of accounting.

Also, Home Options, Inc. receives various grants from the State of Ohio to assist in purchasing real estate. These grants are received through the relationship with the Champaign County Board of Developmental Disabilities.

2. Restricted Assets

As a condition to receiving the grants from the State of Ohio, Home Options, Inc. must retain ownership of each house for a 15-year period. If there is a need to sell a property prior to the expiration of the 15 years, then approval to sell must be received from the State of Ohio.

CHAMPAIGN COUNTY, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2010

NOTE 12 - DISCRETELY PRESENTED COMPONENT UNITS (continued)

B. Home Options, Inc. (continued)

3. Long-Term Debt

Long-term debt consists of the following:

	Notes Payable	
Citizens National Bank Payable in monthly installments of \$1,510, Including interest at 7.5%. Due November 1, 2014. Note secured by real estate.		\$60,841
Citizens National Bank Payable in monthly installments of \$281, Including interest at 8.0%. Due May 1, 2015. Note secured by real estate.		12,576
Citizens National Bank Payable in monthly installments of \$135, Including interest at 7.5%. Due December 1, 2016. Note secured by real estate.		7,710
Citizens National Bank Payable in monthly installments of \$164, Including interest at 7.25%. Due August 1, 2016. Note secured by real estate.		9,010
Citizens National Bank Payable in monthly installments of \$72, Including interest at 7.25%. Due September 5, 2011. Note secured by real estate.		645
Citizens National Bank Payable in monthly installments of \$157, Including interest at 7.5%. Due August 1, 2017. Note secured by real estate.		9,704
Citizens National Bank Payable in monthly installments of \$356, Including interest at 7.5%. Due October 1, 2018. Note Secured by real estate.		25,029
Citizens National Bank Payable in monthly installments of \$240, Including interest at 8.2%. Due December 14, 2020. Note secured by real estate.		19,413
Citizens National Bank Payable in monthly installments of \$323, Including interest at 6.38%. Due March 1, 2023. Note secured by real estate.		<u>32,695</u>
Total Long-Term Debt		177,623
Less: Current Maturities		<u>(26,380)</u>
Long-Term Debt		<u><u>\$151,243</u></u>

Future scheduled maturities of long-term debt are as follows:

2011	\$26,380
2012	27,803
2013	29,964
2014	29,136
2015 and thereafter	64,340

CHAMPAIGN COUNTY, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2010

NOTE 13 – PROPERTY LEASE REVENUE

The County leased 150 acres to a farmer for a three-year period beginning March 1, 2008, at an annual rent of \$18,725, with optional annual rental updates. Total rental income on the farm for 2010 was \$19,639 and is reported as rental income in the general operating fund.

The County leased office space in downtown Urbana at Miami Square. Total rental income from Miami Square for 2010 was \$5,794 and is reported as rental income in the general operating fund.

The County leased office space in South Point Center to various agencies. Total rental income from South Point for 2010 was \$193,116 and is reported as rental income in the general operating fund.

NOTE 14 - COMPLIANCE AND ACCOUNTABILITY

Ohio Administrative Code, section 117-2-03 (B), requires the County to prepare its annual financial report in accordance with generally accepted accounting principles. However, the County prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net assets/fund balances, and disclosures that, while material, cannot be determined at this time. The County can be fined and various other administrative remedies may be taken against the County.

The following funds had appropriations exceeding actual resources at 12/31/10 contrary to Ohio Revised Code section 5705.36 (A)(4):

<u>Fund</u>	<u>Actual Resources</u>	<u>Appropriations</u>	<u>Variance Between Actual Resources and Appropriations</u>
Job and Family Services Fund	\$2,949,621	\$3,821,307	(\$871,686)
Federal Grants Fund	262,209	587,900	(325,691)

FINANCIAL CONDITION
CHAMPAIGN COUNTY

FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2010

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
U.S. DEPARTMENT OF AGRICULTURE FOOD AND NUTRITION SERVICE			
<i>(Passed through Ohio Department of Job and Family Services)</i>			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	G-89-201036/G-1011-11-5019	10.561	\$175,533
ARRA - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	G-89-201036/G-1011-11-5019		11,763
Total State Administrative Matching Grants for the Supplemental Nutrition Assistance Program			<u>187,296</u>
Total U.S. Department of Agriculture Food and Nutrition Service			<u>187,296</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>(Passed through City of Bellefontaine)</i>			
Community Development Block Grants/Entitlement Grants	A-Z-08-093-1	14.218	110,984
<i>(Passed through Ohio Department of Development)</i>			
Community Development Block Grants/State's Program	BF-07-1AK-1	14.228	42,793
	BF-08-1AK-1		8,296
	BF-09-1AK-1		63,737
	BC-09-1AK-1		83,056
Total Community Development Block Grants/State's Program			<u>197,882</u>
Home Investment Partnerships Program	BC-07-011-2	14.239	16,250
Total U.S. Department of Housing and Urban Development			<u>325,116</u>
U.S. DEPARTMENT OF LABOR			
<i>(Passed through Area 7 Workforce Investment Board)</i>			
Workforce Investment Act (WIA) Cluster:			
WIA Adult Program	N/A	17.258	146,976
WIA Adult Program - Administration	N/A		1,039
ARRA - WIA Adult Program	N/A		26,824
Total WIA Adult Program			<u>174,839</u>
WIA Youth Activities	N/A	17.259	61,820
WIA Youth Activities - Administration	N/A		430
ARRA - WIA Youth Activities	N/A		4,415
Total WIA Youth Activities			<u>66,665</u>
WIA Dislocated Workers	N/A	17.260	296,310
WIA Dislocated Workers - Administration	N/A		2,114
ARRA - WIA Dislocated Workers	N/A		74,836
WIA Dislocated Workers - Rapid Response	N/A		13,940
WIA Dislocated Workers - Ohio Learning	N/A		76,105
Total WIA Dislocated Workers			<u>463,305</u>
Total Workforce Investment Act Cluster and Total U.S. Department of Labor			<u>704,809</u>
U.S. DEPARTMENT OF TRANSPORTATION			
<i>(Passed through Ohio Department of Transportation)</i>			
Highway Planning and Construction	PID 87063	20.205	25,758
Formula Grants for Other Than Urbanized Areas:			
Formula Grants for Other Than Urbanized Areas	RPT 0011 030102 / RPT 4011 030101	20.509	166,539
ARRA - Formula Grants for Other Than Urbanized Areas	RPTS 0011 002093		36,859
Total Formula Grants for Other Than Urbanized Areas			<u>203,398</u>
Total U.S. Department of Transportation			<u>229,156</u>
U.S. DEPARTMENT OF EDUCATION			
<i>(Passed through Ohio Department of Education)</i>			
Special Education - Preschool Grant	065896-PG-S1-2010/065896-PG-S1-2011	84.173	6,856
<i>(Passed through Logan County Board of Developmental Disabilities)</i>			
Rehabilitation Services Vocational Rehabilitation Grants to States	N/A	84.126	35,956
Total U.S. Department of Education			<u>42,812</u>

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2010**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
U.S. ELECTION ASSISTANCE COMMISSION			
<i>(Passed through Ohio Secretary of State)</i>			
Help America Vote Act Requirements Payments	N/A	90.401	633
Total U.S. Election Assistance Commission			<u>633</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>(Passed through Area Agency on Aging, Planning & Service Area)</i>			
Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers	FY10	93.044	29,367
<i>(Passed through Ohio Department of Job and Family Services)</i>			
Promoting Safe and Stable Families	G-89-20-1036/G-1011-11-5019	93.556	7,208
Temporary Assistance for Needy Families	G-89-20-1036/G-1011-11-5019	93.558	551,906
Child Support Enforcement:			
Child Support Enforcement	G-89-20-1036/G-1011-11-5019	93.563	(89,258)
ARRA - Child Support Enforcement	G-89-20-1036/G-1011-11-5019		533,501
Total Child Support Enforcement			<u>444,243</u>
Child Care Cluster:			
Child Care and Development Block Grant	G-89-20-1036/G-1011-11-5019	93.575	3,908
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	G-89-20-1036/G-1011-11-5019	93.596	86,307
ARRA - Child Care and Development Block Grant	G-89-20-1036/G-1011-11-5019	93.713	65,303
Total Child Care Block Grant			<u>155,518</u>
<i>(Passed through Ohio Secretary of State)</i>			
Voting Access for Individuals with Disabilities-Grants to States	10-SOS-HHHS-11	93.617	8,734
<i>(Passed through Ohio Department of Job and Family Services)</i>			
Child Welfare Services - State Grants	G-89-20-1036/G-1011-11-5019	93.645	16,720
Foster Care_Title IV-E:			
Foster Care_Title IV-E	G-89-20-1036/G-1011-11-5019	93.658	306,188
ARRA - Foster Care_Title IV-E	G-89-20-1036/G-1011-11-5019		17,125
Total Foster Care			<u>323,313</u>
Adoption Assistance	G-89-20-1036/G-1011-11-5019	93.659	98,223
Social Services Block Grant:			
<i>(Passed through Ohio Department of Job and Family Services)</i>			
Social Services Block Grant	G-89-20-1036/G-1011-11-5019	93.667	343,683
<i>(Passed through Ohio Board of Developmental Disabilities)</i>			
Social Services Block Grant	N/A		26,859
Total Social Service Block Grant			<u>370,542</u>
<i>(Passed through Ohio Department of Job and Family Services)</i>			
Child Abuse and Neglect State Grants	G-89-20-1036/G-1011-11-5019	93.669	2,015
Chaffee Foster Care Independence Program	G-89-20-1036/G-1011-11-5019	93.674	13,101
Medical Assistance Program:			
<i>(Passed through Ohio Department of Job and Family Services)</i>			
Medical Assistance Program	G-89-20-1036/G-1011-11-5019	93.778	324,417
Medical Assistance Program - Ohio Home Care Waiver			10,715
Total Medical Assistance Program - Ohio Department of Job and Family Services			<u>335,132</u>
<i>(Passed through Ohio Department of Developmental Disabilities)</i>			
Medical Assistance Program	N/A	93.778	26,558
ARRA - Medical Assistance Program	N/A		98,713
Total Medical Assistance Program - Ohio Department of Developmental Disabilities			<u>125,271</u>
Total Medical Assistance Program			<u>460,403</u>
<i>(Passed through Ohio Department of Job and Family Services - JEVS Human Services Ohio FMS)</i>			
Money Follows the Person Rebalancing Demonstration	N/A	93.791	5,054
Total U.S. Department of Health & Human Services			<u>2,486,347</u>
Total Federal Financial Assistance			<u>\$3,976,169</u>

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

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
YEAR ENDED DECEMBER 31, 2010**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – SUB-RECIPIENTS

The County passes certain federal awards received from the Ohio Department of Development, Ohio Department of Developmental Disabilities, and Ohio Department of Job and Family Services to other governments or not-for-profit agencies (sub-recipients). As Note A describes, the County reports expenditures of Federal awards to sub-recipients when paid in cash.

As a sub-recipient, the government has certain compliance responsibilities, such as monitoring its sub-recipients to help assure they use these sub-awards as authorized by laws, regulations, the provisions of contracts or grant agreements, and that sub-recipients achieve the award's performance goals.

NOTE C - MATCHING REQUIREMENTS

Certain Federal programs require the County to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The County has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

NOTE D – VOTING ACCESS FOR INDIVIDUALS WITH DISABILITIES GRANTS TO STATES

The County received grant funds for the Voting Access for Individuals with Disabilities Grants to States program. The entire funds were not expended prior to the grant expiration period. As a result, the County returned \$150 to the Ohio Secretary of State during 2010.

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Dave Yost • Auditor of State

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

Honorable County Board of Commissioners
Honorable County Auditor
Honorable County Treasurer
Champaign County
1512 South U.S. Highway 68, Suite B300
Urbana, Ohio 43078

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of Champaign County, (the County) as of and for the year ended December 31, 2010, which collectively comprise the County's basic financial statements and have issued our report thereon dated August 17, 2011, wherein we noted the County uses a comprehensive accounting basis other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2010-001 and 2010-002 described in the accompanying schedule of findings to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2010-002 through 2010-004.

We also noted certain matters not requiring inclusion in this report that we reported to the County's management in a separate letter dated August 17, 2011.

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

August 17, 2011



Dave Yost • Auditor of State

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

Honorable County Board of Commissioners
Honorable County Auditor
Honorable County Treasurer
Champaign County
1512 South U.S. Highway 68, Suite B300
Urbana, Ohio 43078

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

Compliance

We have audited the compliance of Champaign County (the County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of Champaign County's major federal programs for the year ended December 31, 2010. 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 included 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, Champaign County complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2010.

**Internal Control Over Compliance
(Continued)**

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, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over 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.

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.

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



Dave Yost
Auditor of State

August 17, 2011

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2010**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	No
(d)(1)(vii)	Major Programs (list):	<p>Workforce Investment Act Cluster CFDA 17.258 - WIA Adult Program & Administration CFDA 17.259 - WIA Youth Activities & Administration CFDA 17.260 - WIA Dislocated Workers & Administration</p> <p>CFDA 93.558 - Temporary Assistance for Needy Families</p> <p>Child Support Enforcement: CFDA 93.563 - Child Support Enforcement</p>

(d)(1)(vii)	Major Programs (list): (Continued)	Child Care Cluster: CFDA 93.575 - Child Care and Development Block Grant CFDA 93.596 - Child Care Mandatory and Matching Funds of the Child Care and Development Fund CFDA 93.713 - ARRA – Child Care and Development Block Grant Foster Care: CFDA 93.658 - Foster Care Title IV-E Medical Assistance: CFDA 93.778 - Medical Assistance Program
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

FINDING NUMBER 2010-001

Material Weakness

The County Auditor contracted with an independent public accountant to compile the cash-basis annual financial report, which included Management's Discussion and Analysis (MD&A), basic financial statements, and notes to the statements. Review of the annual financial report indicated several errors and misstatements to the MD&A, statements, and notes.

MD&A

- Described information related to generally accepted accounting principles (GAAP)
- Referred to sections included in a comprehensive annual financial report (CAFR)
- Included references to incorrect component units and accounts not used by the County
- Inadequately discussed general fund budgeting highlights and reasons for changes in net assets

Financial Statements

- Reported incorrect allocations/classifications of program revenues (\$330,502), equity/fund balances (\$148,301), and expenditures (\$755,892)
- Included activity for non-county funds (\$18,204)
- Presented transfers between funds reported together (\$20,814)

**FINDING NUMBER 2010-001
(Continued)**

Notes

- Described information related to GAAP
- Included incorrect descriptions of types of funds
- Indicated incorrect legal level of budgetary control
- Referenced accounts not used by County
- Included references to departments County does not have
- Reported incorrect amounts contributed by County to related organizations

In addition, the IPA did not maintain and/or produce adequate trial balances showing the calculations for the roll-up of various accounts within the financial statements. The County reports on the cash-basis of accounting; therefore GAAP disclosures and information should not be presented or discussed. The County also does not prepare a CAFR for the annual report. Some information included in the annual report applied to another entity. The above errors and misstatements resulted in several audit adjustments and changes.

The County Auditor should review the annual report prepared by the IPA prior to submission to the Auditor of State for filing. The Auditor and IPA should determine if proper information and allocations/classifications are reported based on the reporting entity of the County and various departmental duties. These procedures will allow for improved financial reporting and presentation.

FINDING NUMBER 2010-002

Noncompliance and Material Weakness

Ohio Rev. Code Section 321.31 governs the payment of tax settlements from the county treasury to the political subdivisions and boards and requires the county treasurer to “immediately after each settlement with the county auditor, on demand, and on presentation of the warrant of the auditor therefore, the county treasurer shall pay to the township fiscal officer, or the treasurer of a municipal corporation, school district, or any board authorized by law to receive the funds or proceeds of any special tax levy, or other properly designated officers delegated by the boards and subdivisions to receive such funds or proceeds, all moneys in the county treasury payable to such boards and subdivisions. Delinquent taxes, interest, and penalties are payable in the proportions prescribed in section [319.45](#) of the Revised Code.

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

The county received tax advances during fiscal year 2010; however when the final tax settlement was finished, the County did not subtract out the total advances received when payment was made from the undivided tax fund to the General Fund. This resulted in overstated tax revenue for the General Fund in the amount of \$390,024. The financial statements and ledgers have been adjusted accordingly,

In addition, the undivided tax fund maintained a significant balance after all settlements were completed.

**FINDING NUMBER 2010-002
 (Continued)**

The County should transfer the excess General Fund money back to the undivided tax fund in order to ensure the county has the proper amount of funds to pay other political subdivisions. The County should also review the undivided tax fund and determine the excess amount maintained in the fund. When an amount is determined, the County should take appropriate measures to ensure the money is disbursed as required.

FINDING NUMBER 2010-003

Noncompliance

Ohio Revised Code Section 117.38 provides that each public office shall file an annual 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 financial report in accordance with generally accepted accounting principles. However, the County prepares its financial statements in accordance with the cash basis of accounting. The accompanying financial statements and notes omit assets, liabilities, equities, and disclosures that, while material, cannot be determined at this time. The County can be fined and various other administrative remedies may be taken against the County for its failure to file the required financial report.

The County should prepare its annual report in accordance with the above requirements in order to improve financial reporting and accountability for all users.

FINDING NUMBER 2010-004

Noncompliance

Ohio Rev. Code Section 5705.36(A)(4) states that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce actual available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency.

At December 31, 2010, the County had two funds in which appropriations exceeded actual resources.

<u>Fund</u>	<u>Actual Resources</u>	<u>Appropriations</u>	<u>Variance</u>
Job and Family Services (207)	\$2,949,621	\$3,821,307	(\$871,686)
Federal Grants (219)	\$ 262,209	\$ 587,900	(\$325,691)

**FINDING NUMBER 2010-004
(Continued)**

The County should implement increased monitoring procedures to help ensure appropriations do not exceed actual available resources. This should include requesting decreased amended certificates of estimated resources when the County determines actual receipts will be significantly lower than expected. These procedures will also help prevent negative fund balances.

Officials' Response:

We did not receive a response from officials to these findings.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .315 (b)
DECEMBER 31, 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	ORC 117.38 and OAC 117-2-03(B) – County did not report on GAAP basis	No	Repeated as Finding 2010-003
2009-002	OAC 5703-25-55(B) and OAC 5703-25-55(E) – Finding for Recovery – Unallowable reimbursements from Real Estate Assessment Fund	Yes	
2009-003	2 CFR Part 225 App B. Sections 37c and 23b and OAC 5101:9-4-11(A) – Questioned federal cost for federal programs and rent	Yes	



Dave Yost • Auditor of State

CHAMPAIGN COUNTY FINANCIAL CONDITION

CHAMPAIGN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
SEPTEMBER 20, 2011