



Mary Taylor, CPA
Auditor of State

CLINTON COUNTY
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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Clinton County
46 S. South Street
Wilmington, Ohio 45177

To the Board of Commissioners:

We have audited the accompanying financial statements of the governmental activities, the component units, each major fund, and the aggregate remaining fund information of Clinton County, Ohio (the County), as of and for the year ended December 31, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Clinton Memorial Hospital, which is the County's enterprise fund and business type activity. Those financial statements were audited by other auditors whose reports thereon have been furnished to us and our opinions on the accompanying financial statements, insofar as it relates to the amounts included for the Clinton Memorial Hospital, are based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. 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 and the report of the other auditors provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities, the component units, each major fund, and the aggregate remaining fund information of Clinton County, Ohio, as of December 31, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund, Children Services Board Fund, County Board of DD Fund, Motor Vehicle and Gas Tax Fund, Public Assistance Fund and Workforce Development Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2010, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

The federal awards expenditure schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the federal awards expenditure schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

September 15, 2010

CLINTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2009 (UNAUDITED)

The management's discussion and analysis of Clinton County's (the "County") financial performance provides an overall review of the County's financial activities for the year ended December 31, 2009. The intent of this discussion and analysis is to look at the County's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the County's financial performance.

Financial Highlights

Key financial highlights for 2009 are as follows:

- The total net assets of the County increased \$981,832. Net assets of governmental activities increased \$3,311,324 which represents a 5.90% increase from 2008 and net assets of business-type activities decreased \$2,329,492 which represents a 3.91% decrease from 2008.
- General revenues accounted for \$17,291,299 or 43.33% of total governmental activities revenue. Program specific revenues accounted for \$22,611,334 or 56.67% of total governmental activities revenue.
- The County had \$36,591,309 in expenses related to governmental activities; \$22,611,334 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$17,291,299 were adequate to provide for these programs.
- The County has seven major governmental funds. The general fund, the County's largest major governmental fund, had revenues and other financing sources of \$13,465,980 in 2009. The general fund had expenditures and other financing uses of \$12,641,357 in 2009. The general fund's fund balance increased \$824,623 from 2008 to 2009.
- The children services board, a County major fund, had revenues of \$2,745,128 in 2009. The children services board had expenditures of \$2,623,865 in 2009. The children services board fund balance increased \$121,263 from 2008 to 2009.
- The County board of Developmental Disabilities (DD) fund, a County major fund, had revenues of \$5,156,532 in 2009. The County board of DD fund had expenditures of \$4,056,307 in 2009. The County board of DD fund balance increased \$1,100,225 from 2008 to 2009.
- The motor vehicle and gas tax fund, a County major fund, had revenues and other financing sources of \$4,304,853 in 2009. The motor vehicle and gas tax fund had expenditures of \$4,299,585 in 2009. The motor vehicle and gas tax fund balance increased \$5,268 from 2008 to 2009.
- The public assistance fund, a County major fund, had revenues and other financing sources of \$5,849,050 and expenditures and other financing uses of \$5,724,598 in 2009. The public assistance fund balance increased \$124,452 from 2008 to 2009.
- The workforce development fund, a County major fund, had revenues of \$4,499,207 and expenditures of \$4,554,708. The workforce development fund balance decreased \$55,501 from 2008 to 2009.
- The Martinsville-Midland project bond retirement fund, a County major fund, had revenues of \$299,675 and expenditures of \$5,239,976 in 2009. The Martinsville-Midland project bond retirement fund balance decreased \$4,940,301 from 2008 to 2009.
- Net assets for business-type activities, which consist of the Clinton Memorial Hospital fund, had operating revenues of \$100,541,870 and total operating expenses of \$101,832,820.

CLINTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2009 (UNAUDITED)

Using the Basic Financial Statements (BFS)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the County as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of net assets and statement of activities provide information about the activities of the whole County, presenting both an aggregate view of the County's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the County's most significant funds with all other nonmajor funds presented in total in one column. In the case of the County, there are seven major governmental funds. The general fund is the largest major fund.

Reporting the County as a Whole

Statement of Net Assets and the Statement of Activities

The statement of net assets and the statement of activities answer the question, "How did we do financially during 2009?" These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the County's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the County as a whole, the financial position of the County has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the County's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

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

Governmental activities - Most of the County's programs and services are reported here including human services, health, public safety, public works and general government. These services are funded primarily by taxes and intergovernmental revenues including federal and state grants and other shared revenues.

Business-type activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided.

Reporting the County's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

CLINTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2009 (UNAUDITED)

Fund financial reports provide detailed information about the County's major funds. The County uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the County's most significant funds. The County's major governmental funds are the general fund, children services board, County board of DD, motor vehicle and gas tax, public assistance, workforce development and Martinsville-Midland project bond retirement. The County's major enterprise fund is the Clinton Memorial Hospital. The analysis of the County's major governmental and proprietary funds begins on page 10.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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. The basic governmental financial statements can be found on pages 20-31 of this report.

Proprietary Funds

The County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for operations of the Clinton Memorial Hospital. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses an internal service fund to account for a self-funded health insurance program for employees of the County and several governmental units within the County. Because this service predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements. The basic proprietary fund financial statements can be found on pages 32-35 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 36-37 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 38-74 of this report.

CLINTON COUNTY, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
(UNAUDITED)**

Government-Wide Financial Analysis

The statement of net assets provides the perspective of the County as a whole. The table below provides a summary of the County's net assets for 2009 and 2008.

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
<u>Assets</u>						
Current and other assets	\$ 28,692,629	\$ 30,476,172	\$ 34,077,015	\$ 33,258,328	\$ 62,769,644	\$ 63,734,500
Capital assets, net	51,274,612	51,187,585	74,082,918	80,765,445	125,357,530	131,953,030
Total assets	79,967,241	81,663,757	108,159,933	114,023,773	188,127,174	195,687,530
<u>Liabilities</u>						
Long-term liabilities	12,899,600	18,011,522	39,451,662	42,671,675	52,351,262	60,683,197
Other liabilities	7,585,877	7,481,795	11,521,956	11,836,291	19,107,833	19,318,086
Total liabilities	20,485,477	25,493,317	50,973,618	54,507,966	71,459,095	80,001,283
<u>Net assets</u>						
Invested in capital assets, net of related debt	39,593,664	39,395,775	34,631,256	38,093,770	74,224,920	77,489,545
Restricted	16,519,551	14,197,354	4,516,664	4,694,019	21,036,215	18,891,373
Unrestricted	3,368,549	2,577,311	18,038,395	16,728,018	21,406,944	19,305,329
Total net assets	\$ 59,481,764	\$ 56,170,440	\$ 57,186,315	\$ 59,515,807	\$ 116,668,079	\$ 115,686,247

Over time, net assets can serve as a useful indicator of a government's financial position. At December 31, 2009, the County's assets exceeded liabilities by \$116,668,079. The County's finances remained stable during 2009.

Capital assets reported on the government-wide statements represent the largest portion of the County's net assets. At December 31, 2009, capital assets represented 66.63% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, vehicles and infrastructure. Capital assets, net of related debt to acquire the assets at December 31, 2009, were \$74,224,920. These capital assets are used to provide services to citizens and are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities. Net assets invested in capital assets, net of related debt for the County as a whole decreased \$3,264,625.

A portion of the County's net assets, \$21,036,215 or 18.03%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of the government-wide unrestricted net assets is \$21,406,944. Unrestricted net assets increased \$2,101,615, or 10.89% during 2009.

CLINTON COUNTY, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
(UNAUDITED)**

The table below shows the changes in net assets for 2009 and 2008.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<u>Revenues</u>						
Program revenues:						
Charges for services and sales	\$ 4,003,125	\$ 3,984,222	\$99,578,726	\$96,678,786	\$103,581,851	\$ 100,663,008
Operating grants and contributions	17,704,294	13,799,466	-	-	17,704,294	13,799,466
Capital grants and contributions	903,915	957,327	-	-	903,915	957,327
General revenues:						
Property taxes	7,311,786	7,062,592	-	-	7,311,786	7,062,592
Sales tax	7,001,072	7,197,247	-	-	7,001,072	7,197,247
Unrestricted grants	1,532,429	1,790,327	-	-	1,532,429	1,790,327
Investment earnings	256,913	592,326	-	-	256,913	592,326
Other	1,189,099	2,241,333	1,236,137	1,386,372	2,425,236	3,627,705
Total revenues	<u>39,902,633</u>	<u>37,624,840</u>	<u>100,814,863</u>	<u>98,065,158</u>	<u>140,717,496</u>	<u>135,689,998</u>
<u>Expenses</u>						
Program expenses:						
General government	8,521,001	9,502,436	-	-	8,521,001	9,502,436
Public safety	4,468,076	4,729,408	-	-	4,468,076	4,729,408
Public works	5,468,758	5,734,647	-	-	5,468,758	5,734,647
Health	4,303,707	4,334,329	-	-	4,303,707	4,334,329
Human services	12,297,056	8,754,662	-	-	12,297,056	8,754,662
Conservation and recreation	14,928	6,623	-	-	14,928	6,623
Economic development and assistance	357,964	325,593	-	-	357,964	325,593
Other	661,685	792,099	-	-	661,685	792,099
Interest and fiscal charges	498,134	507,008	-	-	498,134	507,008
Clinton Memorial Hospital	-	-	103,144,355	99,468,515	103,144,355	99,468,515
Total expenses	<u>36,591,309</u>	<u>34,686,805</u>	<u>103,144,355</u>	<u>99,468,515</u>	<u>139,735,664</u>	<u>134,155,320</u>
Change in net assets	3,311,324	2,938,035	(2,329,492)	(1,403,357)	981,832	1,534,678
Net assets at beginning of year	<u>56,170,440</u>	<u>53,232,405</u>	<u>59,515,807</u>	<u>60,919,164</u>	<u>115,686,247</u>	<u>114,151,569</u>
Net assets at end of year	<u>\$59,481,764</u>	<u>\$56,170,440</u>	<u>\$57,186,315</u>	<u>\$59,515,807</u>	<u>\$116,668,079</u>	<u>\$115,686,247</u>

Governmental Activities

Governmental activities increased \$3,311,324 or 5.90% during 2009.

Governmental activities charges for services revenue increased 0.47% from \$3,984,222 to \$4,003,125 in 2009. Charges for services include revenues collected for licenses and permits, fines and forfeitures, rent and other miscellaneous charges and fees.

CLINTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2009 (UNAUDITED)

The State and federal government contributed to the County revenues of \$17,704,294 in operating grants and contributions and \$903,915 in capital grants and contributions during 2009. These revenues are restricted to a particular program or purpose. Of the total operating grants and contributions, \$3,630,908, or 20.51% subsidized public works programs and increased by 28.35% from 2008. This increase is due to more intergovernmental revenues for gasoline and motor vehicle license taxes in 2009. \$12,142,842 or 68.59% of the total operating grants and contributions subsidized human services programs. This is an increase of 32.05% from 2008, which is due to more funding from State and federal grants for the County's workforce development fund activities. Capital grants and contributions decreased 5.58% due to less grant funding received for public works programs, in particular the Martinsville-Midland sewer project.

General revenues totaled \$17,291,299, and amounted to 43.33% of total revenues. These revenues primarily consist of property and sales tax revenue of \$14,312,858, or 82.77% of total general revenues in 2009. Property tax revenue increased by \$249,194 or 3.53%, as a result of higher collections on delinquencies. Sales tax revenue decreased \$196,175 or 2.73% during 2009. The other primary source of general revenues is grants and entitlements not restricted to specific programs, which makes up \$1,532,429, or 8.86% of total general revenues. Investment earnings decreased \$335,413 or 56.63% due to lower interest rates on the County's investments and less money held in interest-bearing accounts.

General government expenses include legislative and executive and judicial programs, and totaled \$8,521,001 or 23.29% of total governmental expenses. General government expenses were covered by \$1,575,695 of direct charges to users and \$119,474 in operating grants and contributions in 2009. General government expenses decreased 10.33% from 2008, which is due to the County's efforts to control costs.

Public works expenses fell slightly, decreasing \$265,889 or 4.64% from 2008 due to less maintenance and repair expenses during 2009. These expenses totaled \$5,468,758 in 2009 and were funded primarily by operating grants and contributions and capital grants and contributions of \$3,630,908 and \$903,915, respectively.

Human services expense supports the operations of public assistance, workforce development and the children services board, and accounts for \$12,297,056, or 33.61% of the total governmental expenses of the County. These expenses were funded by \$210,664 in charges to users of services and \$12,142,842 in operating grants and contributions in 2009. The increase in both the expenses and operating grants and contributions is due primarily to the activity of the County's workforce development program.

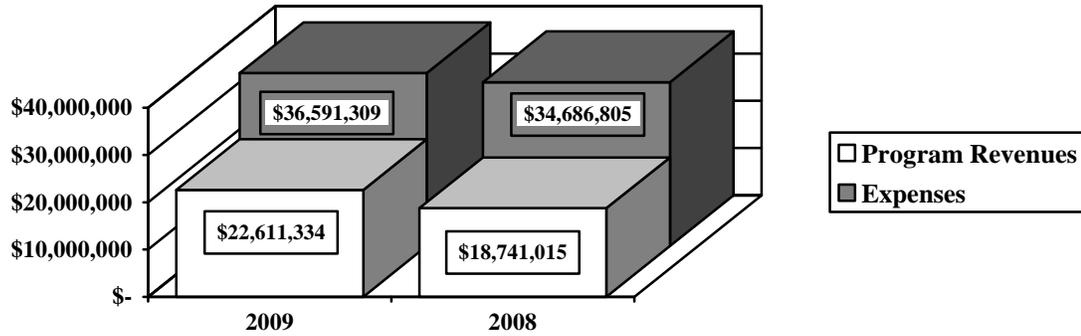
Economic development and assistance expense supports the County's Community Development Block Grant program, and was funded by \$253,439 in operating grants and contributions during 2009.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2009 and 2008. That is, it identifies the cost of these services supported by tax revenue and unrestricted state grants and entitlements.

CLINTON COUNTY, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
(UNAUDITED)**

Governmental Activities – Program Revenues vs. Total Expenses



Governmental Activities

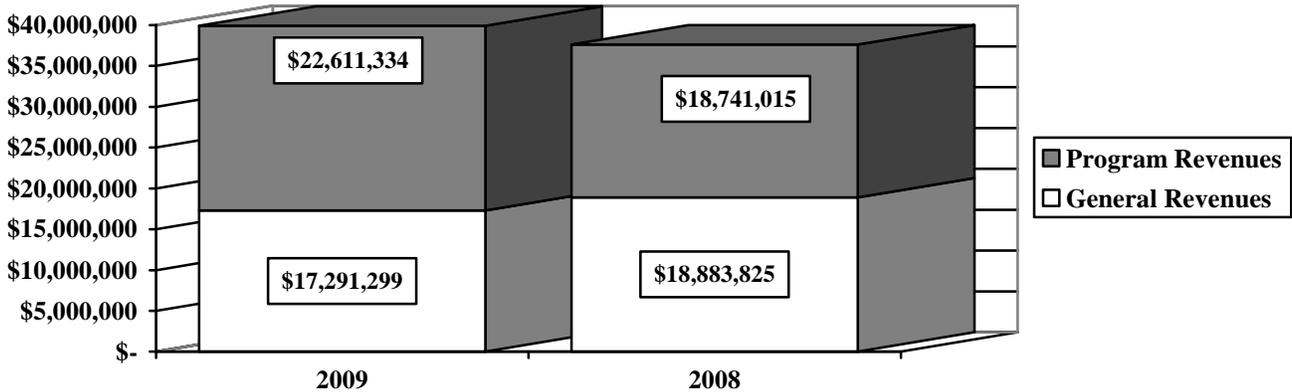
	Total Cost of Services <u>2009</u>	Net Cost of Services <u>2009</u>	Total Cost of Services <u>2008</u>	Net Cost of Services <u>2008</u>
Expenses:				
General government	\$ 8,521,001	\$ 6,825,832	\$ 9,502,436	\$ 7,858,475
Public safety	4,468,076	3,194,890	4,729,408	3,590,436
Public works	5,468,758	212,138	5,734,647	1,179,267
Health	4,303,707	2,534,590	4,334,329	2,750,456
Human services	12,297,056	(56,450)	8,754,662	(640,757)
Conservation and recreation	14,928	14,928	6,623	6,623
Economic development and assistance	357,964	104,525	325,593	(94,348)
Other	661,685	651,388	792,099	788,630
Interest and fiscal charges	498,134	498,134	507,008	507,008
Total expenses	<u>\$ 36,591,309</u>	<u>\$ 13,979,975</u>	<u>\$ 34,686,805</u>	<u>\$ 15,945,790</u>

The dependence upon general revenues for governmental activities is apparent, with 38.21% and 45.97% of expenses supported through taxes and other general revenues during 2009 and 2008, respectively.

CLINTON COUNTY, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
(UNAUDITED)**

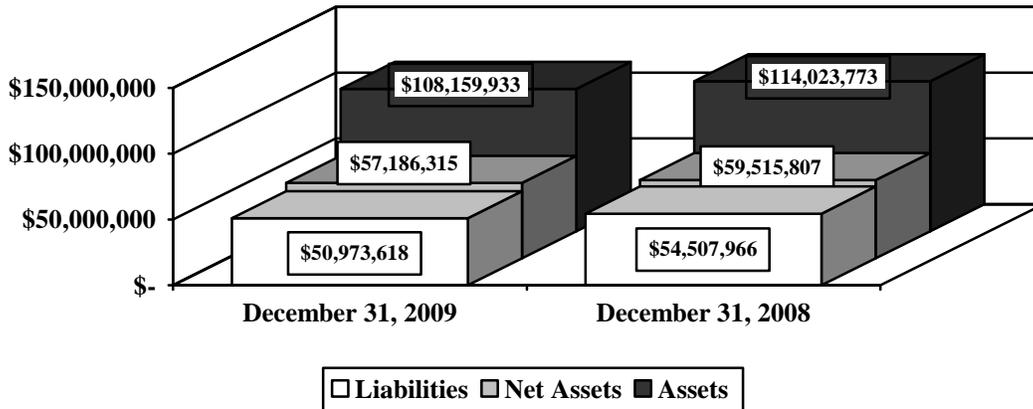
Governmental Activities - General and Program Revenues



Business-Type Activities

The Clinton Memorial Hospital fund is the County's major enterprise fund. For 2009, the Clinton Memorial Hospital reported an operating loss of \$1,290,950 after reporting operating income of \$708,939 in 2008. Net assets decreased \$2,329,492 or 3.91% from 2008 to 2009, after decreasing \$1,403,357 in the prior year. The primary contribution to this decline in performance is increased expenses. Total operating expenses for 2009 were \$101,832,820, an increase of \$4,271,308 or 4.38% from the prior year. The most significant increases included personal services, which were \$2,624,891 or 5.38% higher in 2009 compared to 2008, and materials and supplies, which were \$921,910 or 6.09% higher. These higher expenses are primarily the result of wages and benefits increases and inflationary factors. Total operating revenues in 2009 were \$2,271,419 higher than in 2008, an increase of 2.31%. This is primarily due to a rate increase in 2009.

Net Assets in Business - Type Activities



CLINTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
(UNAUDITED)

Financial Analysis of the County's Funds

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

Governmental Funds

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

The County's governmental funds (as presented on the balance sheet on pages 21-22) reported a combined fund balance of \$14,821,838 which is \$3,049,529 below last year's total of \$17,871,367. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2009 for all major and nonmajor governmental funds.

	Fund Balance (Deficit) <u>December 31, 2009</u>	Fund Balance <u>December 31, 2008</u>	Increase <u>(Decrease)</u>
Major Funds:			
General	\$ 3,183,414	\$ 2,358,791	\$ 824,623
Children Services Board	1,221,521	1,100,258	121,263
County Board of DD	4,362,815	3,262,590	1,100,225
Motor Vehicle and Gas Tax	2,647,671	2,642,403	5,268
Public Assistance	568,581	444,129	124,452
Workforce Development	88,117	143,618	(55,501)
Martinsville-Midland Bond Retirement	(29,171)	4,911,130	(4,940,301)
Other Nonmajor Governmental Funds	<u>2,778,890</u>	<u>3,008,448</u>	<u>(229,558)</u>
Total	<u>\$ 14,821,838</u>	<u>\$ 17,871,367</u>	<u>\$ (3,049,529)</u>

General Fund

The general fund, the County's largest major governmental fund, had revenues and other financing sources of \$13,465,980 in 2009. The general fund had expenditures and other financing uses of \$12,641,357 in 2009. The general fund's fund balance increased \$824,623 from 2008 to 2009.

Children Services Board Fund

The children services board fund, a County major fund, had revenues of \$2,745,128 and expenditures of \$2,623,865 in 2009. The children services board fund balance increased \$121,263 from 2008 to 2009.

County Board of DD

The County board of DD fund, a County major fund, had revenues of \$5,156,532 in 2009. The County board of DD fund had expenditures of \$4,056,307 in 2009. The County board of DD fund balance increased \$1,100,225 from 2008 to 2009.

CLINTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2009 (UNAUDITED)

Motor Vehicle and Gas Tax Fund

The motor vehicle and gas tax fund, a County major fund, had revenues and other financing sources of \$4,304,853 in 2009. The motor vehicle and gas tax fund had expenditures of \$4,299,585 in 2009. The motor vehicle and gas tax fund balance increased \$5,268 from 2008 to 2009.

Public Assistance Fund

The public assistance fund, a County major fund, had revenues and other financing sources of \$5,849,050 and expenditures and other financing uses of \$5,724,598 in 2009. The public assistance fund balance increased \$124,452 from 2008 to 2009.

Workforce Development Fund

The workforce development fund, a County major fund, had revenues of \$4,499,207 and expenditures of \$4,554,708 in 2009. The workforce development fund balance decreased \$55,501 from 2008 to 2009.

Martinsville-Midland Project Bond Retirement Fund

The Martinsville-Midland project bond retirement fund, a County major fund, had revenues of \$299,675 and expenditures of \$5,239,976 in 2009. The Martinsville-Midland project bond retirement fund balance decreased \$4,940,301 from 2008 to 2009. This large decrease is due to the repayment of the bond anticipation note used to finance the Martinsville-Midland project.

Budgeting Highlights - General Fund

The County's budgeting process is prescribed by the Ohio Revised Code (ORC). Essentially the budget is the County's appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the ORC. Therefore, the County's plans or desires cannot be totally reflected in the original budget. If budgeted revenues are adjusted due to actual activity then the appropriations can be adjusted accordingly.

In the general fund, there were significant changes between the original and final budget. Final budgeted revenues and other financing sources increased \$674,359 over original budgeted revenues. Actual revenues and other financing sources of \$13,505,043 were \$33,244 less than final budgeted revenues. Actual expenditures and other financing uses were \$480,182 less than the final budgeted expenditures.

Capital Assets and Debt Administration

Capital Assets

At the end of 2009, the County had \$125,357,530 (net of accumulated depreciation) invested in land, land improvements, buildings and improvements, equipment, vehicles and infrastructure.

CLINTON COUNTY, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
(UNAUDITED)**

The following table shows 2009 balances compared to 2008:

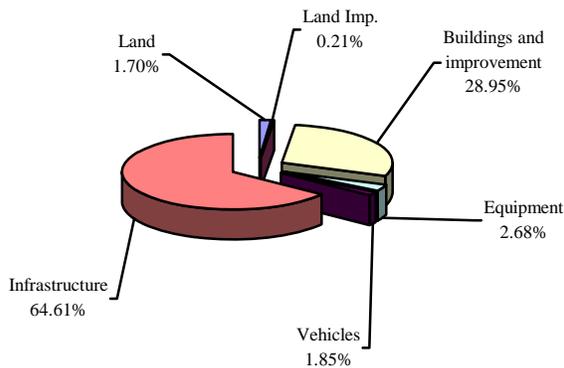
**Capital Assets at December 31
(Net of Depreciation)**

	<u>Governmental Activities</u> <u>2009</u>	<u>Governmental Activities</u> <u>2008</u>	<u>Business-Type Activities</u> <u>2009</u>	<u>Business-Type Activities</u> <u>2008</u>	<u>Total</u> <u>2009</u>	<u>Total</u> <u>2008</u>
Land	\$ 871,880	\$ 871,880	\$ -	\$ -	\$ 871,880	\$ 871,880
Land improvements	109,061	114,204	1,965,187	2,103,803	2,074,248	2,218,007
Building and improvements	14,845,745	15,203,338	55,656,900	58,537,035	70,502,645	73,740,373
Equipment	1,374,449	1,520,072	15,229,686	19,410,587	16,604,135	20,930,659
Vehicles	950,571	1,041,044	-	-	950,571	1,041,044
Infrastructure	33,122,906	32,437,047	-	-	33,122,906	32,437,047
Construction in progress	-	-	1,231,145	714,020	1,231,145	714,020
Total	<u>\$ 51,274,612</u>	<u>\$ 51,187,585</u>	<u>\$ 74,082,918</u>	<u>\$ 80,765,445</u>	<u>\$ 125,357,530</u>	<u>\$ 131,953,030</u>

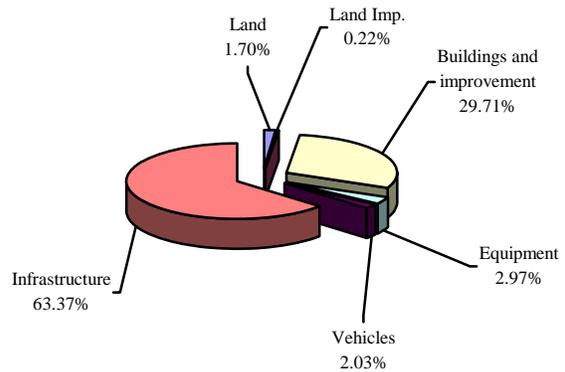
See Note 9 to the basic financial statements for detail on governmental and business-type activities capital assets.

The following graphs show the breakdown of governmental capital assets by category for 2009 and 2008.

Capital Assets - Governmental Activities 2009



Capital Assets - Governmental Activities 2008



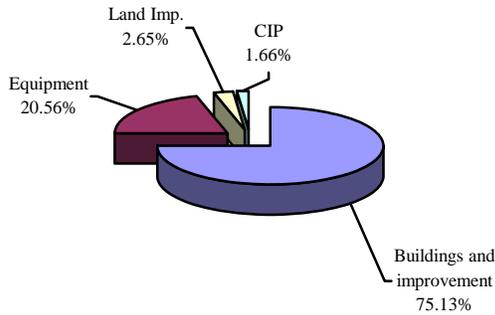
The County's largest governmental capital asset category is infrastructure which includes roads, bridges and culverts. These items are immovable and of value only to the County, however, the annual cost of purchasing these items is quite significant. The net book value of the County's infrastructure (cost less accumulated depreciation) represents approximately 64.61% of the County's total governmental capital assets.

CLINTON COUNTY, OHIO

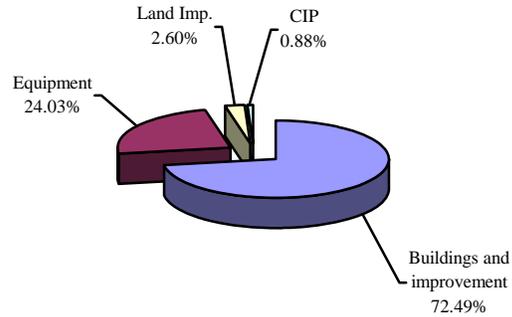
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
(UNAUDITED)**

The following graphs show the breakdown of business-type capital assets by category for 2009 and 2008.

Capital Assets - Business-Type Activities 2009



Capital Assets - Business-Type Activities 2008



Debt Administration

At December 31, 2009, governmental activities had \$11,447,350 in general obligation bonds, special assessment notes of \$30,000, loans payable of \$190,000, compensated absences of \$1,188,652 and a capital lease of \$69,280 outstanding. Of this total, \$1,179,843 is due within one year and \$11,745,439 is due in greater than one year. At December 31, 2009, business-type activities had \$38,505,000 in hospital facilities revenue refunding and improvement bonds and \$946,662 in notes payable. The following table summarizes the debt obligations outstanding.

Outstanding Debt, at Year End

	Governmental Activities <u>2009</u>	Governmental Activities <u>2008</u>	Business-Type Activities <u>2009</u>	Business-Type Activities <u>2008</u>
Long-Term Obligations				
General obligation bonds	\$ 11,447,350	\$ 11,567,000	\$ -	\$ -
Revenue refunding bonds	-	-	38,505,000	41,220,000
Special Assessments	30,000	11,616	-	-
Note Payable	-	4,925,000	946,662	1,451,675
Loans Payable	190,000	195,000	-	-
Compensated Absences	1,188,652	1,181,261	-	-
Capital Leases	<u>69,280</u>	<u>92,615</u>	<u>-</u>	<u>-</u>
Total	<u><u>\$ 12,925,282</u></u>	<u><u>\$ 17,972,492</u></u>	<u><u>\$ 39,451,662</u></u>	<u><u>\$ 42,671,675</u></u>

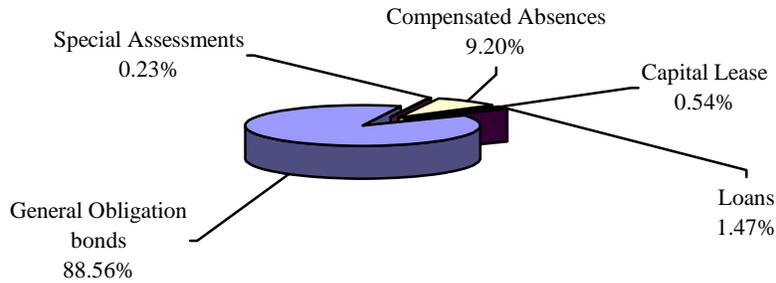
See Note 12 to the basic financial statements for detail on outstanding debt.

CLINTON COUNTY, OHIO

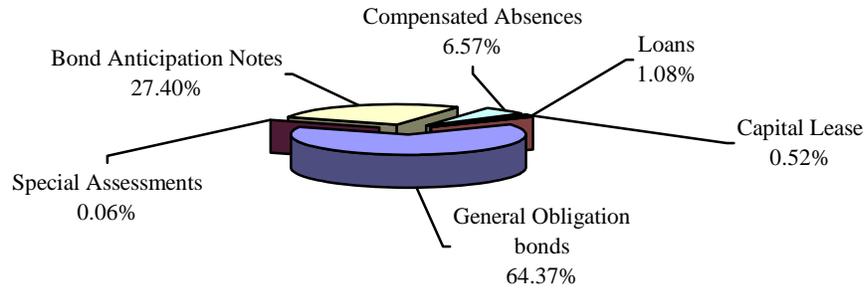
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
(UNAUDITED)**

A comparison of the governmental long-term obligations by category is depicted in the chart below.

Long-term obligations - 2009

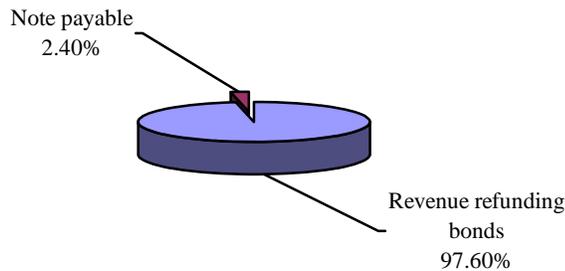


Long-term obligations - 2008



A comparison of the business-type long-term obligations by category is depicted in the chart below.

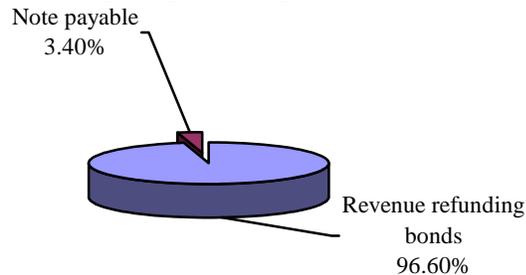
Business-type long-term obligations - 2009



CLINTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2009 (UNAUDITED)

Business-type long-term obligations - 2008



Economic Factors and Next Year's Budgets and Rates

The County's population is an estimated 43,058. At the close of 2009, the County's unemployment rate was 18.5%, compared to the 10.7% State average and the 9.7% national average.

These economic factors were considered in preparing the County's budget for 2010. Budgeted revenues and other financing sources in the general fund for the 2010 budget are approximately \$12,250,000. With the continuation of conservative budgeting practices, the County's financial position should remain stable in future years.

Contacting the County's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the County's 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 the Honorable Wanda Armstrong, Clinton County Auditor, at 46 S. South Street, Wilmington, Ohio 45177-2296.

CLINTON COUNTY, OHIO

STATEMENT OF NET ASSETS
DECEMBER 31, 2009

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Orion Rehab Center	Port Authority
Assets:					
Equity in pooled cash and cash equivalents	\$ 13,846,081	\$ 8,142,647	\$ 21,988,728	\$ 294,779	\$ 9,886
Short-term investments	-	3,014,804	3,014,804	-	-
Receivables (net of allowances for uncollectibles)					
Sales taxes	1,211,051	-	1,211,051	-	-
Real and other taxes	6,513,060	-	6,513,060	-	-
Accounts	153,718	9,683,495	9,837,213	8,580	-
Special assessments	100,561	-	100,561	-	-
Accrued interest	39,432	-	39,432	-	-
Notes and other receivables	-	650,188	650,188	-	-
Due from other governments	6,486,784	-	6,486,784	-	-
Prepayments	102,386	2,866,943	2,969,329	-	-
Materials and supplies inventory	33,324	2,230,806	2,264,130	-	-
Unamortized bond issue costs	206,232	-	206,232	-	-
Assets whose use is limited - held by trustee	-	4,516,664	4,516,664	-	-
Other assets:					
Investments	-	2,455,399	2,455,399	-	-
Notes and other receivables	-	516,069	516,069	-	-
Capital assets:					
Land and construction in progress	871,880	1,231,145	2,103,025	-	-
Depreciable capital assets, net	<u>50,402,732</u>	<u>72,851,773</u>	<u>123,254,505</u>	<u>18,982</u>	<u>-</u>
Total capital assets	<u>51,274,612</u>	<u>74,082,918</u>	<u>125,357,530</u>	<u>18,982</u>	<u>-</u>
Total assets	<u>79,967,241</u>	<u>108,159,933</u>	<u>188,127,174</u>	<u>322,341</u>	<u>9,886</u>
Liabilities:					
Accounts payable	712,921	3,580,722	4,293,643	125	254,391
Contracts payable	138,119	-	138,119	-	-
Accrued wages and benefits	463,780	1,054,358	1,518,138	4,814	-
Due to other governments	489,875	-	489,875	-	-
Accrued vacation	-	2,204,393	2,204,393	-	-
Unearned revenue	5,692,858	-	5,692,858	-	-
Accrued interest payable	34,896	-	34,896	-	-
Amount to be repaid to claimants	53,428	-	53,428	-	-
Other accrued expenses	-	3,367,377	3,367,377	201	-
Estimated third-party settlements	-	1,315,106	1,315,106	-	-
Long-term liabilities:					
Due within one year	1,179,843	3,430,625	4,610,468	-	-
Due in more than one year	<u>11,719,757</u>	<u>36,021,037</u>	<u>47,740,794</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>20,485,477</u>	<u>50,973,618</u>	<u>71,459,095</u>	<u>5,140</u>	<u>254,391</u>
Net assets:					
Invested in capital assets, net of related debt	39,593,664	34,631,256	74,224,920	18,982	-
Restricted for:					
Capital projects	118,808	59,710	178,518	-	-
Debt service	166,491	-	166,491	-	-
Debt service - held by trustee	-	564,111	564,111	-	-
Human services programs	5,334,825	-	5,334,825	-	-
Public works	4,528,059	-	4,528,059	-	-
Health programs	4,804,835	-	4,804,835	-	-
Permanent endowment	-	2,615,929	2,615,929	-	-
Other purposes	1,566,533	1,276,914	2,843,447	-	-
Unrestricted (deficit)	<u>3,368,549</u>	<u>18,038,395</u>	<u>21,406,944</u>	<u>298,219</u>	<u>(244,505)</u>
Total net assets (deficit)	<u>\$ 59,481,764</u>	<u>\$ 57,186,315</u>	<u>\$ 116,668,079</u>	<u>\$ 317,201</u>	<u>\$ (244,505)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CLINTON COUNTY, OHIO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government:				
Legislative and executive	\$ 6,059,489	\$ 1,153,479	\$ -	\$ -
Judicial	2,461,512	422,216	119,474	-
Public safety	4,468,076	901,993	371,193	-
Public works	5,468,758	721,797	3,630,908	903,915
Health	4,303,707	591,596	1,177,521	-
Human services	12,297,056	210,664	12,142,842	-
Conservation and recreation	14,928	-	-	-
Economic development and assistance	357,964	-	253,439	-
Other	661,685	1,380	8,917	-
Interest and fiscal charges	498,134	-	-	-
Total governmental activities	<u>36,591,309</u>	<u>4,003,125</u>	<u>17,704,294</u>	<u>903,915</u>
Business-type activities:				
Clinton Memorial Hospital	103,144,355	99,578,726	-	-
Total business-type activities	<u>103,144,355</u>	<u>99,578,726</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 139,735,664</u>	<u>\$ 103,581,851</u>	<u>\$ 17,704,294</u>	<u>\$ 903,915</u>
Component units:				
ORION Rehabilitation Center	\$ 199,170	\$ 193,580	\$ 1,320	\$ -
Port Authority	-	-	-	-
Total component units	<u>\$ 199,170</u>	<u>\$ 193,580</u>	<u>\$ 1,320</u>	<u>\$ -</u>

General revenues:

Property taxes levied for:
General fund
Legislative and executive - Real Estate Assessment
Legislative and executive - Other Purposes
Health - County Board of DD
Human services - Children Services
Debt service - Fairground/Public Service Agency Buildings
Debt service - Bypass Jail/Bond
Debt service - Martinsville-Midland Project
Public works - Permanent Improvement
Sales and other taxes
Grants and entitlements not restricted to specific programs
Investment earnings
Miscellaneous
Total general revenues
Change in net assets
Net assets at beginning of year
Net assets (deficit) at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Assets

Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Orion Rehab Center	Port Authority
\$ (4,906,010)	\$ -	\$ (4,906,010)	\$ -	\$ -
(1,919,822)	-	(1,919,822)	-	-
(3,194,890)	-	(3,194,890)	-	-
(212,138)	-	(212,138)	-	-
(2,534,590)	-	(2,534,590)	-	-
56,450	-	56,450	-	-
(14,928)	-	(14,928)	-	-
(104,525)	-	(104,525)	-	-
(651,388)	-	(651,388)	-	-
(498,134)	-	(498,134)	-	-
<u>(13,979,975)</u>	<u>-</u>	<u>(13,979,975)</u>	<u>-</u>	<u>-</u>
-	(3,565,629)	(3,565,629)	-	-
-	(3,565,629)	(3,565,629)	-	-
<u>(13,979,975)</u>	<u>(3,565,629)</u>	<u>(17,545,604)</u>	<u>-</u>	<u>-</u>
			(4,270)	-
			-	-
			<u>(4,270)</u>	<u>-</u>
1,735,704	-	1,735,704	-	-
468,445	-	468,445	-	-
120,979	-	120,979	-	-
3,076,029	-	3,076,029	-	-
1,111,904	-	1,111,904	-	-
171,046	-	171,046	-	-
367,797	-	367,797	-	-
257,594	-	257,594	-	-
2,288	-	2,288	-	-
7,001,072	-	7,001,072	-	-
1,532,429	-	1,532,429	-	-
256,913	-	256,913	5,187	-
1,189,099	1,236,137	2,425,236	5,344	-
<u>17,291,299</u>	<u>1,236,137</u>	<u>18,527,436</u>	<u>10,531</u>	<u>-</u>
3,311,324	(2,329,492)	981,832	6,261	-
<u>56,170,440</u>	<u>59,515,807</u>	<u>115,686,247</u>	<u>310,940</u>	<u>(244,505)</u>
<u>\$ 59,481,764</u>	<u>\$ 57,186,315</u>	<u>\$ 116,668,079</u>	<u>\$ 317,201</u>	<u>\$ (244,505)</u>

CLINTON COUNTY, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2009

	<u>General</u>	<u>Children Services Board</u>	<u>County Board of DD</u>	<u>Motor Vehicle & Gas Tax</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 1,939,005	\$ 1,285,185	\$ 4,369,301	\$ 2,200,224
Receivables (net of allowance for uncollectibles):				
Sales taxes	1,205,983	-	-	5,068
Real and other taxes	1,287,725	1,317,499	3,118,825	-
Accounts	65,597	4,896	395	21,316
Special assessments	-	-	-	-
Interfund receivable	24,416	-	-	-
Due from other governments	479,622	175,957	275,912	1,852,724
Accrued interest	39,432	-	-	-
Due from other funds	28,035	6,283	-	10,039
Advances to other funds	398,937	-	-	-
Prepayments	78,000	-	17,610	1,250
Materials and supplies inventory	22,377	-	-	-
	<u>\$ 5,569,129</u>	<u>\$ 2,789,820</u>	<u>\$ 7,782,043</u>	<u>\$ 4,090,621</u>
Total assets				
Liabilities:				
Accounts payable	\$ 242,563	\$ 79,607	\$ 32,831	\$ 68,446
Contracts payable	-	-	-	-
Accrued wages and benefits	217,205	-	62,465	51,183
Interfund loans payable	-	-	-	-
Due to other funds	9,215	7,906	-	-
Due to other governments	228,915	-	53,049	46,156
Advances from other funds	-	-	-	-
Deferred revenue	508,830	329,202	544,818	1,277,165
Unearned revenue	1,125,559	1,151,584	2,726,065	-
Amount to be repaid to claimants	53,428	-	-	-
	<u>2,385,715</u>	<u>1,568,299</u>	<u>3,419,228</u>	<u>1,442,950</u>
Total liabilities				
Fund balances:				
Reserved for encumbrances	279,659	-	49,869	321,451
Reserved for prepayments	78,000	-	17,610	1,250
Reserved for materials and supplies inventory	22,377	-	-	-
Reserved for advances	398,937	-	-	-
Unreserved, undesignated, reported in:				
General fund	2,404,441	-	-	-
Special revenue funds	-	1,221,521	4,295,336	2,324,970
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	-
	<u>3,183,414</u>	<u>1,221,521</u>	<u>4,362,815</u>	<u>2,647,671</u>
Total fund balances (deficit)				
Total liabilities and fund balances	<u>\$ 5,569,129</u>	<u>\$ 2,789,820</u>	<u>\$ 7,782,043</u>	<u>\$ 4,090,621</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Public Assistance	Workforce Development	Martinsville-Midland Project Bond Retirement	Other Governmental Funds	Total Governmental Funds
\$ 422,424	\$ 98,978	\$ 29,122	\$ 3,204,752	\$ 13,548,991
-	-	-	-	1,211,051
-	-	227,027	561,984	6,513,060
6,233	-	-	53,349	151,786
-	-	-	100,561	100,561
-	-	-	-	24,416
941,186	2,240,816	16,712	503,855	6,486,784
-	-	-	-	39,432
2,246	-	-	-	46,603
-	-	-	-	398,937
2,670	231	-	2,625	102,386
7,000	-	-	3,947	33,324
<u>\$ 1,381,759</u>	<u>\$ 2,340,025</u>	<u>\$ 272,861</u>	<u>\$ 4,431,073</u>	<u>\$ 28,657,331</u>
\$ 127,498	\$ 65,556	\$ -	\$ 95,843	\$ 712,344
-	-	-	138,119	138,119
99,540	-	-	31,533	461,926
-	-	-	24,416	24,416
244	2,246	-	26,992	46,603
74,710	-	-	85,387	488,217
-	-	59,517	339,420	398,937
511,186	2,184,106	44,078	419,260	5,818,645
-	-	198,437	491,213	5,692,858
-	-	-	-	53,428
<u>813,178</u>	<u>2,251,908</u>	<u>302,032</u>	<u>1,652,183</u>	<u>13,835,493</u>
-	-	-	480,147	1,131,126
2,670	231	-	2,625	102,386
7,000	-	-	3,947	33,324
-	-	-	-	398,937
-	-	-	-	2,404,441
558,911	87,886	-	2,310,293	10,798,917
-	-	(29,171)	74,060	44,889
-	-	-	(92,182)	(92,182)
<u>568,581</u>	<u>88,117</u>	<u>(29,171)</u>	<u>2,778,890</u>	<u>14,821,838</u>
<u>\$ 1,381,759</u>	<u>\$ 2,340,025</u>	<u>\$ 272,861</u>	<u>\$ 4,431,073</u>	<u>\$ 28,657,331</u>

CLINTON COUNTY, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2009

Total governmental fund balances		\$ 14,821,838
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		51,274,612
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Property taxes	\$ 785,101	
Special assessments	100,561	
Intergovernmental revenues	4,906,311	
Interest	<u>26,672</u>	
Total		5,818,645
Internal service funds are used by management to charge the costs of health insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net assets. The net assets of the internal service fund are:		290,814
In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, interest expenditures are reported when due.		(34,896)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds	11,447,350	
Special assessments	30,000	
Compensated absences	1,184,533	
Loans payable	190,000	
Capital lease payable	<u>69,280</u>	
Total		(12,921,163)
Unamortized premiums on the issuance of bonds are not recognized in the funds.		(78,702)
Unamortized deferred charges on bond refundings are not recognized in the funds.		104,384
Unamortized bond issue costs are not recognized in the funds.		<u>206,232</u>
Net assets of governmental activities		<u><u>\$ 59,481,764</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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CLINTON COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>General</u>	<u>Children Services Board</u>	<u>County Board of DD</u>	<u>Motor Vehicle & Gas Tax</u>
Revenues:				
Property taxes	\$ 1,787,340	\$ 1,144,124	\$ 3,152,010	\$ -
Sales taxes	6,931,840	-	-	69,232
Charges for services	1,681,448	65,981	461,917	-
Licenses and permits	3,890	-	-	-
Fines and forfeitures	118,862	-	-	223,736
Intergovernmental	1,176,229	1,490,674	1,522,108	3,672,844
Special assessments	-	-	-	-
Investment income	344,263	-	4,615	-
Rental income	291,846	-	-	-
Other	517,387	44,349	15,882	315,635
Total revenues	<u>12,853,105</u>	<u>2,745,128</u>	<u>5,156,532</u>	<u>4,281,447</u>
Expenditures:				
Current:				
General government:				
Legislative and executive	5,337,484	-	-	-
Judicial	2,418,627	-	-	-
Public safety	3,747,492	-	-	-
Public works	117,764	-	-	4,299,585
Health	83,593	-	4,056,307	-
Human services	316,586	2,623,865	-	-
Conservation and recreation	-	-	-	-
Economic development and assistance	-	-	-	-
Other	593,662	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	1,219	-	-	-
Interest and fiscal charges	53	-	-	-
Bond issue costs	-	-	-	-
Total expenditures	<u>12,616,480</u>	<u>2,623,865</u>	<u>4,056,307</u>	<u>4,299,585</u>
Excess (deficiency) of revenues over (under) expenditures	<u>236,625</u>	<u>121,263</u>	<u>1,100,225</u>	<u>(18,138)</u>
Other financing sources (uses):				
Sale of assets	12,875	-	-	-
Bond issue	-	-	-	-
Note issue	-	-	-	-
Premium on sale of bonds	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Transfers in	600,000	-	-	23,406
Transfers out	(24,877)	-	-	-
Other financing sources	-	-	-	-
Other financing uses	-	-	-	-
Total other financing sources (uses)	<u>587,998</u>	<u>-</u>	<u>-</u>	<u>23,406</u>
Net change in fund balances	824,623	121,263	1,100,225	5,268
Fund balances at beginning of year	<u>2,358,791</u>	<u>1,100,258</u>	<u>3,262,590</u>	<u>2,642,403</u>
Fund balances (deficit) at end of year	<u>\$ 3,183,414</u>	<u>\$ 1,221,521</u>	<u>\$ 4,362,815</u>	<u>\$ 2,647,671</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<u>Public Assistance</u>	<u>Workforce Development</u>	<u>Martinsville-Midland Project Bond Retirement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 266,252	\$ 1,121,213	\$ 7,470,939
-	-	-	-	7,001,072
-	-	-	998,173	3,207,519
-	-	-	20,406	24,296
-	-	-	36,051	378,649
3,556,771	4,499,207	33,423	2,796,825	18,748,081
-	-	-	102,985	102,985
-	-	-	447	349,325
-	-	-	-	291,846
1,829	-	-	294,017	1,189,099
<u>3,558,600</u>	<u>4,499,207</u>	<u>299,675</u>	<u>5,370,117</u>	<u>38,763,811</u>
-	-	-	475,389	5,812,873
-	-	-	42,790	2,461,417
-	-	-	553,766	4,301,258
-	-	-	335,217	4,752,566
-	-	-	115,596	4,255,496
3,434,148	4,554,708	-	1,313,872	12,243,179
-	-	-	14,928	14,928
-	-	-	357,964	357,964
-	-	7,282	36,206	637,150
-	-	-	1,240,704	1,240,704
-	-	4,979,650	273,732	5,254,601
-	-	253,044	270,982	524,079
-	-	-	104,588	104,588
<u>3,434,148</u>	<u>4,554,708</u>	<u>5,239,976</u>	<u>5,135,734</u>	<u>41,960,803</u>
<u>124,452</u>	<u>(55,501)</u>	<u>(4,940,301)</u>	<u>234,383</u>	<u>(3,196,992)</u>
-	-	-	-	12,875
-	-	-	3,310,000	3,310,000
-	-	-	30,000	30,000
-	-	-	44,191	44,191
-	-	-	(3,249,603)	(3,249,603)
-	-	-	42,722	666,128
-	-	-	(641,251)	(666,128)
2,290,450	-	-	-	2,290,450
<u>(2,290,450)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,290,450)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(463,941)</u>	<u>147,463</u>
124,452	(55,501)	(4,940,301)	(229,558)	(3,049,529)
444,129	143,618	4,911,130	3,008,448	17,871,367
<u>\$ 568,581</u>	<u>\$ 88,117</u>	<u>\$ (29,171)</u>	<u>\$ 2,778,890</u>	<u>\$ 14,821,838</u>

CLINTON COUNTY, OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009

Net change in fund balances - total governmental funds \$ (3,049,529)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which apital outlays exceeded depreciation expense in the current period.

Capital asset additions	\$ 2,213,611	
Current year depreciation	<u>(2,102,268)</u>	111,343

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (24,316)

Proceeds of bonds and notes are recorded as revenue in the funds, however in the statement of activities, they are not reported as revenue as they increase the liabilities on the statement of net assets. (3,340,000)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property and other taxes	(159,153)	
Intergovernmental	1,390,366	
Special assessments	(2,170)	
Accrued interest	<u>(92,413)</u>	1,136,630

Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets. 5,254,601

Payments to refunding bond escrow agents are an other financing use in the governmental funds, but the payment reduces long-term liabilities on the statement of net assets. 3,249,603

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.

Accrued interest	38,452	
Bond premium	(39,672)	
Deferred charges on refunding	(5,219)	
Bond issuance costs	<u>92,781</u>	86,342

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (8,105)

The internal service fund used by management to charge the cost of insurance to individual funds is not reported in the government-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue of the internal service fund is allocated among the governmental activities. (105,245)

Change in net assets of governmental activities. \$ 3,311,324

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CLINTON COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 1,712,411	\$ 1,802,180	\$ 1,797,755	\$ (4,425)
Sales taxes	6,455,582	6,794,001	6,777,318	(16,683)
Charges for services	1,598,940	1,682,760	1,678,628	(4,132)
Licenses and permits	3,926	4,132	4,122	(10)
Fines and forfeitures	112,087	117,963	117,673	(290)
Intergovernmental	1,126,094	1,185,126	1,182,216	(2,910)
Investment income	379,941	399,859	398,877	(982)
Rental income	268,999	283,100	282,405	(695)
Other	607,192	639,022	637,453	(1,569)
Total revenues	<u>12,265,172</u>	<u>12,908,143</u>	<u>12,876,447</u>	<u>(31,696)</u>
Expenditures:				
Current:				
General government:				
Legislative and executive	5,562,308	5,814,565	5,638,204	176,361
Judicial	2,442,569	2,524,980	2,435,522	89,458
Public safety	3,892,832	4,004,146	3,850,691	153,455
Public works	93,639	123,602	119,026	4,576
Health	93,537	93,587	90,704	2,883
Human services	411,987	384,978	328,120	56,858
Other	550,294	582,696	586,105	(3,409)
Total expenditures	<u>13,047,166</u>	<u>13,528,554</u>	<u>13,048,372</u>	<u>480,182</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(781,994)</u>	<u>(620,411)</u>	<u>(171,925)</u>	<u>448,486</u>
Other financing sources (uses):				
Sale of assets	12,264	12,907	12,875	(32)
Transfers in	571,517	601,477	600,000	(1,477)
Transfers out	(98,000)	(24,877)	(24,877)	-
Advances in	14,975	15,760	15,721	(39)
Advances out	-	(40,137)	(40,137)	-
Total other financing sources (uses)	<u>500,756</u>	<u>565,130</u>	<u>563,582</u>	<u>(1,548)</u>
Net change in fund balance	(281,238)	(55,281)	391,657	446,938
Fund balance at beginning of year	598,721	598,721	598,721	-
Prior year encumbrances appropriated	<u>400,091</u>	<u>400,091</u>	<u>400,091</u>	<u>-</u>
Fund balance at end of year	<u>\$ 717,574</u>	<u>\$ 943,531</u>	<u>\$ 1,390,469</u>	<u>\$ 446,938</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CLINTON COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 CHILDREN SERVICES BOARD
 FOR THE YEAR ENDED DECEMBER 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 1,176,824	\$ 1,149,832	\$ 1,149,832	\$ -
Charges for services	69,284	67,695	67,695	-
Intergovernmental	1,529,789	1,494,702	1,494,702	-
Other	47,073	45,993	45,993	-
Total revenues.	<u>2,822,970</u>	<u>2,758,222</u>	<u>2,758,222</u>	<u>-</u>
Expenditures:				
Current:				
Human services	<u>3,055,000</u>	<u>3,069,250</u>	<u>2,601,119</u>	<u>468,131</u>
Total expenditures	<u>3,055,000</u>	<u>3,069,250</u>	<u>2,601,119</u>	<u>468,131</u>
Net change in fund balance	(232,030)	(311,028)	157,103	468,131
Fund balance at beginning of year.	<u>1,095,036</u>	<u>1,095,036</u>	<u>1,095,036</u>	<u>-</u>
Fund balance at end of year	<u>\$ 863,006</u>	<u>\$ 784,008</u>	<u>\$ 1,252,139</u>	<u>\$ 468,131</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CLINTON COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 COUNTY BOARD OF DEVELOPMENTAL DISABILITIES
 FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 3,161,700	\$ 3,148,127	\$ 3,165,452	\$ 17,325
Charges for services	461,370	459,389	461,917	2,528
Intergovernmental	1,501,090	1,494,645	1,502,871	8,226
Investment income	5,026	5,004	5,032	28
Other	20,463	20,375	20,487	112
Total revenues.	<u>5,149,649</u>	<u>5,127,540</u>	<u>5,155,759</u>	<u>28,219</u>
Expenditures:				
Current:				
Health	<u>4,868,613</u>	<u>5,172,949</u>	<u>4,160,584</u>	<u>1,012,365</u>
Total expenditures	<u>4,868,613</u>	<u>5,172,949</u>	<u>4,160,584</u>	<u>1,012,365</u>
Net change in fund balance	281,036	(45,409)	995,175	1,040,584
Fund balance at beginning of year.	<u>3,221,321</u>	<u>3,221,321</u>	<u>3,221,321</u>	<u>-</u>
Fund balance at end of year	<u>\$ 3,502,357</u>	<u>\$ 3,175,912</u>	<u>\$ 4,216,496</u>	<u>\$ 1,040,584</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CLINTON COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 MOTOR VEHICLE AND GAS TAX
 FOR THE YEAR ENDED DECEMBER 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Sales taxes	\$ 76,945	\$ 69,457	\$ 69,457	\$ -
Fines and forfeitures.	247,836	223,718	223,718	-
Intergovernmental	4,076,640	3,679,921	3,679,921	-
Other.	373,150	336,837	336,836	(1)
Total revenues.	<u>4,774,571</u>	<u>4,309,933</u>	<u>4,309,932</u>	<u>(1)</u>
Expenditures:				
Current:				
Public works	<u>5,737,027</u>	<u>5,737,027</u>	<u>4,672,695</u>	<u>1,064,332</u>
Total expenditures	<u>5,737,027</u>	<u>5,737,027</u>	<u>4,672,695</u>	<u>1,064,332</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(962,456)</u>	<u>(1,427,094)</u>	<u>(362,763)</u>	<u>1,064,331</u>
Other financing sources:				
Transfers in	<u>25,929</u>	<u>23,406</u>	<u>23,406</u>	<u>-</u>
Total other financing sources.	<u>25,929</u>	<u>23,406</u>	<u>23,406</u>	<u>-</u>
Net change in fund balance	(936,527)	(1,403,688)	(339,357)	1,064,331
Fund balance at beginning of year.	1,961,588	1,961,588	1,961,588	-
Prior year encumbrances appropriated	<u>191,377</u>	<u>191,377</u>	<u>191,377</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,216,438</u>	<u>\$ 749,277</u>	<u>\$ 1,813,608</u>	<u>\$ 1,064,331</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CLINTON COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 PUBLIC ASSISTANCE
 FOR THE YEAR ENDED DECEMBER 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 3,675,615	\$ 3,566,711	\$ 3,566,711	\$ -
Other	1,608	1,560	1,560	-
Total revenues.	<u>3,677,223</u>	<u>3,568,271</u>	<u>3,568,271</u>	<u>-</u>
Expenditures:				
Current:				
Human services	<u>3,788,994</u>	<u>3,839,143</u>	<u>3,420,688</u>	<u>418,455</u>
Total expenditures	<u>3,788,994</u>	<u>3,839,143</u>	<u>3,420,688</u>	<u>418,455</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(111,771)</u>	<u>(270,872)</u>	<u>147,583</u>	<u>418,455</u>
Other financing sources (uses):				
Other financing sources.	2,367,606	2,297,457	2,297,457	-
Other financing uses	<u>(2,367,606)</u>	<u>(2,297,457)</u>	<u>(2,297,457)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(111,771)	(270,872)	147,583	418,455
Fund balance at beginning of year.	<u>274,841</u>	<u>274,841</u>	<u>274,841</u>	<u>-</u>
Fund balance at end of year	<u>\$ 163,070</u>	<u>\$ 3,969</u>	<u>\$ 422,424</u>	<u>\$ 418,455</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CLINTON COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 WORKFORCE DEVELOPMENT
 FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ 295,661	\$ 4,345,932	\$ 4,442,497	\$ 96,565
Total revenues	<u>295,661</u>	<u>4,345,932</u>	<u>4,442,497</u>	<u>96,565</u>
Expenditures:				
Current:				
Human services	295,000	4,539,629	4,504,231	35,398
Total expenditures	<u>295,000</u>	<u>4,539,629</u>	<u>4,504,231</u>	<u>35,398</u>
Excess (deficiency) of revenues over (under) expenditures	<u>661</u>	<u>(193,697)</u>	<u>(61,734)</u>	<u>131,963</u>
Net change in fund balance	661	(193,697)	(61,734)	131,963
Fund balance at beginning of year	<u>160,712</u>	<u>160,712</u>	<u>160,712</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ 161,373</u>	<u>\$ (32,985)</u>	<u>\$ 98,978</u>	<u>\$ 131,963</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CLINTON COUNTY, OHIO
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2009

	Business-Type Activity - Clinton Memorial Hospital Enterprise Fund	Governmental Activity - Health Insurance Depository Fund
Assets:		
Current assets:		
Equity in pooled cash and cash equivalents	\$ 8,142,647	\$ 297,090
Short-term investments	3,014,804	-
Receivables (net of allowance for uncollectibles):		
Accounts	9,683,495	1,932
Notes and other receivables	650,188	-
Materials and supplies inventory	2,230,806	-
Prepayments	2,866,943	-
Total current assets	<u>26,588,883</u>	<u>299,022</u>
Noncurrent assets:		
Assets whose use is limited - held by trustee	4,516,664	-
Other assets:		
Investments	2,455,399	-
Notes and other receivables	516,069	-
Capital assets:		
Construction in progress	1,231,145	-
Depreciable capital assets, net	<u>72,851,773</u>	<u>-</u>
Total noncurrent assets	<u>81,571,050</u>	<u>-</u>
Total assets	<u>108,159,933</u>	<u>299,022</u>
Liabilities:		
Current liabilities:		
Accounts payable	3,580,722	577
Accrued wages and benefits	1,054,358	1,854
Due to other governments	-	1,658
Compensated absences payable	-	4,119
Accrued vacation	2,204,393	-
Other accrued expenses	3,367,377	-
Estimated third-party settlements	1,315,106	-
Interfund loans payable	-	-
Current portion of revenue and refunding bonds	3,035,000	-
Current portion of notes payable	<u>395,625</u>	<u>-</u>
Total current liabilities	<u>14,952,581</u>	<u>8,208</u>
Long-term liabilities:		
Revenue and refunding bonds	35,470,000	-
Notes payable	<u>551,037</u>	<u>-</u>
Total long-term liabilities	<u>36,021,037</u>	<u>-</u>
Total liabilities	<u>50,973,618</u>	<u>8,208</u>
Net assets:		
Unrestricted	18,038,395	290,814
Invested in capital assets, net of related debt	34,631,256	-
Restricted	<u>4,516,664</u>	<u>-</u>
Total net assets	<u>\$ 57,186,315</u>	<u>\$ 290,814</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CLINTON COUNTY, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009

	Business-Type Activity - Clinton Memorial Hospital Enterprise Fund	Governmental Activity - Health Insurance Depository Fund
Operating revenues:		
Charges for services	\$ -	\$ 3,471,551
Net patient service revenue	99,578,726	-
Other	<u>963,144</u>	<u>265,084</u>
Total operating revenues	<u>100,541,870</u>	<u>3,736,635</u>
Operating expenses:		
Personal services	51,395,918	71,301
Contract services	11,716,046	16,178
Materials and supplies	16,071,873	829
Depreciation	7,885,985	-
Rent	1,460,445	-
Occupancy.	3,495,499	-
Repairs and maintenance	528,817	-
Physician fees	5,220,332	-
Insurance	1,344,140	3,718,497
Claims.	-	20,031
Administrative costs.	-	16,627
Other	<u>2,713,765</u>	<u>609</u>
Total operating expenses.	<u>101,832,820</u>	<u>3,844,072</u>
Operating income loss	<u>(1,290,950)</u>	<u>(107,437)</u>
Nonoperating revenues (expenses):		
Interest revenue	-	1
Intergovernmental	-	2,191
Change in unrealized gains and losses on investments	272,993	-
Net nonoperating losses	<u>(1,311,535)</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>(1,038,542)</u>	<u>2,192</u>
Changes in net assets.	(2,329,492)	(105,245)
Net assets at beginning of year.	<u>59,515,807</u>	<u>396,059</u>
Net assets at end of year	<u>\$ 57,186,315</u>	<u>\$ 290,814</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CLINTON COUNTY, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2009

	Business-Type Activity - Clinton Memorial Hospital Enterprise Fund	Governmental Activity - Health Insurance Depository Fund
Cash flows from operating activities:		
Cash received from service charges	\$ -	\$ 3,471,551
Cash received from patients and third party payors	101,573,703	-
Cash received from other receipts, net	963,144	269,373
Cash payments for personal services	(51,685,200)	(71,569)
Cash payments for goods and services	(42,200,745)	(23,007)
Cash payments for insurance	-	(3,720,864)
Cash payments for claims	-	(20,031)
Cash payments for administrative costs	-	(16,685)
Cash payments for other expenses	-	(609)
Net cash provided by (used in) operating activities	<u>8,650,902</u>	<u>(111,841)</u>
Cash flows from noncapital financing activities:		
Noncapital contributions	<u>347,099</u>	<u>2,191</u>
Net cash provided by noncapital financing activities	<u>347,099</u>	<u>2,191</u>
Cash flows from capital and related financing activities:		
Repayment of long-term debt	(3,220,013)	-
Proceeds from sale of capital assets	59,851	-
Interest expense and other nonoperating losses	(2,027,679)	-
Acquisition of property and equipment	<u>(1,661,990)</u>	<u>-</u>
Net cash used in capital and related financing activities	<u>(6,849,831)</u>	<u>-</u>
Cash flows from investing activities:		
Change in investments, net	(329,509)	-
Notes and other receivables	102,418	-
Interest received	<u>369,047</u>	<u>1</u>
Net cash provided by investing activities	<u>141,956</u>	<u>1</u>
Net increase (decrease) in cash and cash equivalents	2,290,126	(109,649)
Cash and cash equivalents at beginning of year	<u>7,383,282</u>	<u>406,739</u>
Cash and cash equivalents at end of year	<u><u>\$ 9,673,408</u></u>	<u><u>\$ 297,090</u></u>
Cash and cash equivalents include the following:		
Cash and cash equivalents	\$ 8,142,647	\$ 297,090
Investments and assets whose use is limited	1,530,761	-
Total cash and cash equivalents	<u><u>\$ 9,673,408</u></u>	<u><u>\$ 297,090</u></u>

- Continued

CLINTON COUNTY, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2009
 (SEE ACCOUNTANT'S COMPILATION REPORT)

	Business-Type Activity - Clinton Memorial Hospital Enterprise Fund	Governmental Activity - Health Insurance Depository Fund
Reconciliation of operating loss to net cash provided by (used in) operating activities:		
Operating loss	\$ (1,290,950)	\$ (107,437)
Adjustments:		
Depreciation	7,885,985	-
Loss on sale of assets	398,681	-
Bad debts.	4,893,728	-
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable.	(3,199,839)	4,289
(Increase) in materials and supplies inventory	(28,250)	-
Decrease in prepayments.	20,244	-
(Decrease) in accounts payable.	(40,503)	(8,425)
Increase (decrease) in accrued wages and benefits.	(289,282)	412
Increase in estimated third-party settlements.	301,088	-
Increase in due to other governments	-	34
(Decrease) in compensated absences payable	-	(714)
Net cash provided by (used in) operating activities	\$ 8,650,902	\$ (111,841)
Noncash investing, capital and financing activities:		
Unrealized gain (loss) on investments.	\$ (12,645)	\$ -
Decrease (increase) in fair value of interest rate swap.	285,638	-

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CLINTON COUNTY, OHIO

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2009

	<u>Private Purpose Trust</u>	<u>Agency</u>
Assets:		
Equity in pooled cash and cash equivalents	\$ 10,669	\$ 3,832,537
Cash in segregated accounts	-	1,462,448
Receivables:		
Real and other taxes.	-	30,358,295
Accounts	-	34,084
Special assessments.	-	344,319
Due from other governments	-	2,214,053
Total assets	<u>10,669</u>	<u>\$ 38,245,736</u>
Liabilities:		
Due to other governments	-	\$ 2,106,030
Deposits held and due to others	-	36,139,706
Total liabilities	<u>-</u>	<u>\$ 38,245,736</u>
Net assets:		
Held in trust for other purposes	<u>10,669</u>	
Total net assets	<u>\$ 10,669</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CLINTON COUNTY, OHIO

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Private Purpose Trust</u>
Additions:	
Interest	\$ 114
Gifts and contributions.	<u>30,000</u>
Total additions.	<u>30,114</u>
Deductions:	
Benefits.	<u>27,858</u>
Changes in net assets	2,256
Net assets at the beginning of the year.	<u>8,413</u>
Net assets at the end of the year	<u><u>\$ 10,669</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CLINTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 1 - DESCRIPTION OF THE COUNTY

Clinton County, Ohio (the "County") was created in 1812. The County is governed by a Board of three commissioners elected by the voters of the County. The County Commissioners serve as the taxing authority, the contracting body, and the chief administrators of public services for the County. Other officials elected by the voters of the County that manage various segments of the County's operations are: the county auditor, county treasurer, recorder, clerk of courts, coroner, engineer, prosecuting attorney, sheriff, two common pleas court judges, a probate court judge and a county municipal court judge.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The County also applies Financial Accounting Standards Board (FASB) guidance issued on or before November 30, 1989, to its governmental and business-type activities and its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The County has the option to also apply FASB guidance issued after November 30, 1989 to its business-type activities and enterprise funds, subject to this same limitation. The County has elected not to apply this FASB guidance.

The Clinton Memorial Hospital (the "Hospital") enterprise fund's financial information is presented in conformity with generally accepted accounting principles as recommended by the Audit Guide (Health Care Organizations) published by the American Institute of Certified Public Accountant's. The Hospital applies the provisions of all relevant pronouncements, including those issued after November 30, 1989.

The most significant of the County's accounting policies are described below.

A. Reporting Entity

The County's reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity". The basic financial statements include all funds, agencies, boards, commissions, and component units for which the County and the County Commissioners are "accountable". Accountability as defined in GASB Statement No. 14 was evaluated based on financial accountability, the nature and significance of the potential component unit's (PCU) relationship with the County and whether exclusion would cause the County's basic financial statements to be misleading or incomplete. Among the factors considered were separate legal standing; appointment of a voting majority of the PCU's Board; fiscal dependency and whether a benefit or burden relationship exists; imposition of will; and the nature and significance of the PCU's relationship with the County.

Based on the foregoing criteria, the financial activities of the following PCU's have been reflected in the accompanying basic financial statements as:

BLENDED COMPONENT UNITS

Certain funds are legally separate from the County; however, their activity is so intertwined with that of the County that they are reported as part of the County. The following funds have been included or blended into the County's basic financial statements:

CLINTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

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

Local Emergency Planning Commission (LEPC) - The LEPC is a legally separate entity from the County. The County Commissioners do not appoint a voting majority of the LEPC's Board. The LEPC is fiscally independent from the County; however, it would be misleading to exclude the LEPC's operations from that of the County since the LEPC provides services entirely for the benefit of the County. The operations of the LEPC are accounted for as a separate special revenue fund.

Clinton County Solid Waste District (District) - The District is a legally separate entity from the County. By state statute, the County Commissioners comprise the District's entire Board. The County is able to impose its will upon the District as the County Commissioners approve and/or modify the District's budget. The District's Board is substantively the same as the County's. The operations of the District are accounted for as a separate special revenue fund.

DISCRETELY PRESENTED COMPONENT UNITS

ORION Rehabilitation Center, Inc. - The ORION Rehabilitation Center, Inc. (the "Workshop") is a legally separate, nonprofit corporation, served by a self-appointing board of trustees. The Workshop, under a contractual agreement with the Clinton County Board of Developmental Disabilities (DD), provides sheltered employment for adults with developmental disabilities in Clinton County. The Clinton County Board of DD provides the Workshop staff, salaries, transportation, equipment (except that used directly in the production of goods or rendering of services), staff to administer and supervise training programs, and other funds as necessary for the operation of the Workshop. Based on the significant services and resources provided by the County to the Workshop and the Workshop's sole purpose of providing assistance to developmentally disabled adults of Clinton County, the Workshop is reflected as a component unit of the County. It is reported separately to emphasize that it is legally separate from the County.

Clinton County Port Authority - The Clinton County Port Authority (the "Authority") was created by the Clinton County Board of Commissioners in September 2004 to enhance economic development in Clinton County. The Authority is created in accordance with Section 4582.22 of the Ohio Revised Code. The purpose of the Authority is to undertake projects that create or preserve jobs and employment opportunities; that improve and sustain the economic welfare of Clinton County and its residents, and that enhance, aid and promote transportation, housing, recreation, education, governmental, operations and culture within the territory served. The Authority is considered a component unit of the County as the County can impose its will on the Authority through the appointment of the members of the Board of Directors. The Authority reported deficit net assets of \$244,505 at December 31, 2009, due to start-up expenses which management expects to be eliminated in future years through operating revenue.

RELATED ORGANIZATIONS

County officials are also responsible for appointing the members of the Boards of other organizations, but the County's accountability for these organizations does not extend beyond making the appointments of the following organizations:

Clinton County Regional Planning Commission - The Board of County Commissioners appoints 11 of the 20 board members.

Clinton County Regional Airport Authority - The Board of County Commissioners appoints all five of the Board members.

CLINTON COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

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

POTENTIAL COMPONENT UNITS REPORTED AS AGENCY FUNDS

In the case of the separate agencies, boards, and commissions listed below, the County serves as fiscal agent and custodian, but is not accountable as defined in GASB Statement No. 14; therefore, the operations of the following PCU's have been excluded from the County's BFS, but the funds held on behalf of these PCU's in the County Treasury are included in the agency funds.

Clinton County Emergency Management
Clinton County Soil and Water Conservation District
Clinton County Board of Health
Clinton County Regional Planning Commission
Clinton County Law Library

Information in the notes to the BFS is applicable to the primary government. When information is provided relative to component units, they are specifically identified.

JOINTLY GOVERNED ORGANIZATION

The County is a member of the Southern Ohio Council of Governments (the Council), which is a jointly governed organization under Ohio Revised Code Section 167.01. The governing body consists of a fifteen member Board with each participating County represented by its Director of its Board of Developmental Disabilities (DD). Member counties include: Adams, Athens, Brown, Clinton, Fayette, Gallia, Highland, Jackson, Lawrence, Meigs, Pickaway, Pike, Ross, Scioto and Vinton Counties. The Council acts as fiscal agent for the Clinton County Board of DD's supportive living program monies. During 2009, the Council received \$196,024 of supportive living monies from Clinton County and as of December 31, 2009, the County had a \$520,126 balance on hand with the Council. Financial statements can be obtained from the Council at 43 N. Paint St., Chillicothe, Ohio, 45601.

JOINT VENTURE WITHOUT EQUITY INTEREST

Warren/Clinton Counties Community Alcoholism, Drug Addiction and Mental Health Services Board (ADAMHS Board) - The County is a member of the Warren/Clinton Counties Community Alcoholism, Drug Addiction and Mental Health Services Board (ADAMHS Board), which is a joint venture between Warren and Clinton Counties. The purpose of the Board is to provide aid, support and education for alcohol and drug dependent citizens, as well as those who are mentally handicapped.

The Warren/Clinton Counties ADAMHS Board is governed by a Board appointed by the Ohio Director of Alcohol and Drug Addiction Services, the Ohio Director of Mental Health Services, and Clinton and Warren Counties. The main sources of revenue for this Board are grants from the two previously named state departments and a property tax levy in each of the counties. Outside agencies are contracted by the Board to provide services for the Board. Financial records are maintained by the Warren County Auditor and Treasurer. Pursuant to Section 340.016 of the Ohio Revised Code, any withdrawing county would be required to submit a comprehensive plan that provides for the equitable adjustment and division of debts and obligations of the Joint County District to the State Director of Mental Health.

CLINTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

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

RISK POOL

County Risk Sharing Authority, Inc. (CORSA) - CORSA is jointly governed by 41 counties in Ohio. CORSA was formed as an Ohio nonprofit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage losses and pay all contributions necessary for the specified insurance coverages provided by CORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance.

Each member has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the CORSA are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the Board of Trustees. This program is more fully described in Note 13.

B. Basis of Presentation

Government-wide Financial Statements - The statement of net assets and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the County that are governmental and those that are considered business-type activities.

The statement of net assets presents the financial condition of the governmental and business-type activities of the County at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. The policy of the County is to not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. 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 governmental function is self-financing or draws from the general revenues of the County.

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

CLINTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the County's proprietary funds are charges for services. Operating expenses for the enterprise fund includes personnel, medical and drug supplies, and other expenses related to Hospital operations and operating expenses for the internal service fund include claims and administrative expenses. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

C. Fund Accounting

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

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

General - This is the primary operating fund of the County. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Children Services Board - This fund accounts for revenue received from a countywide tax levy, grants and charges for services to provide for the care of children of the County.

County Board of Developmental Disabilities (DD) - This fund accounts for the operation of a school and the costs of administering a workshop for the developmentally disabled. Revenue sources include a countywide property tax levy and federal and State grants.

Motor Vehicle and Gas Tax - This fund accounts for monies received by the County for State gasoline tax and vehicle registration fees used for County road and bridge maintenance, construction and improvements.

Public Assistance - This fund accounts for various federal and State grants, as well as transfer from the general fund used to provide public assistance to general relief recipients, pay their providers for medical assistance, and for certain public social services.

Workforce Development - This fund accounts for various federal grants under the Workforce Investment Act, used to finance programs designed to improve the quality of the workforce and enhance productivity.

Martinsville-Midland Project Bond Retirement - This fund accounts for the accumulation of resources (primarily property tax revenues) used to retire the Martinsville-Midland Project USDA bonds.

CLINTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

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

Other governmental funds of the County are used to account for (a) financial resources to be used for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary and trust funds and (b) grants and other resources, the use of which is restricted to a particular purpose.

Proprietary Funds - Proprietary funds are used to account for the County's ongoing activities which are similar to those found in the private sector. The following are the County's proprietary fund types:

Enterprise Fund - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The County has presented the following major enterprise fund:

Clinton Memorial Hospital - This fund accounts for the operations of the hospital.

Internal Service Fund - The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the County on a cost-reimbursement basis. The County's internal service fund accounts for self-funded health insurance program for employees of the County and several governmental units within the County.

Fiduciary Funds - Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. 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 custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The County's fiduciary funds are private-purpose trust and agency funds.

Component Units - Component units are either legally separate organizations for which the elected officials of the County are not financially accountable, or legally separate organizations for which the nature and significance of its relationship with the County is such that exclusion would not cause the County's financial statement to be misleading or incomplete. The County considers Orion Rehabilitation Center and the Clinton County Port Authority to be separate discretely presented component units of the County.

D. Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the County are included on the statement of net assets.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

CLINTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

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

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets. The statement of cash flows provides information about how the County finances and meets the cash flow needs of its proprietary activities.

Private-purpose trust funds are reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

E. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the basic financial statements. Government-wide financial statements are prepared using the full accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds use the full accrual basis of accounting. Differences in the full accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the full accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the County, available means expected to be received within sixty days of year end.

Nonexchange transactions, in which the County receives value without directly giving equal value in return, include sales taxes, property taxes, grants, entitlements and donations. On a full accrual basis, revenue from sales taxes is recognized in the year in which the sales are made. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the County must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from all other nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: sales tax (See Note 7), interest, federal and State grants and subsidies, state-levied locally shared taxes (including motor vehicle license fees and gasoline taxes), fees and rentals.

Unearned Revenue and Deferred Revenue - Unearned revenue and deferred revenue arise when assets are recognized before revenue recognition criteria have been satisfied.

CLINTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

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

Property taxes for which there is an enforceable legal claim as of December 31, 2009, but which were levied to finance 2010 operations, and other revenues received in advance of the year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at December 31, 2009 are recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have been reported as deferred revenue.

Expense/Expenditures - On the full accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

F. Budgetary Data

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 appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each department. Budgetary modifications may only be made by resolution of the County Commissioners.

Budgetary information for the Workshop and certain other funds is not reported because it is not included in the entity for which the "appropriated budget" is adopted and separate budgetary financial records are not maintained.

Tax Budget - A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. All funds, except agency funds, are legally required to be budgeted. The purpose of the Tax Budget is to reflect the need for existing (or increased) tax rates.

Estimated Resources - The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews revenue estimates. The Commission certifies its actions to the County by September 1. As part of this certification, the County receives the official certificate of estimated resources, which states the projected revenue of each fund.

On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31. Further amendments may be made during the year if the County Auditor determines that revenue to be collected will be greater than or less than the prior estimates and the Budget Commission finds the revised estimates to be reasonable. The amounts set forth in the budgetary statements represent estimates from the final amended certificate issued during 2009.

CLINTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

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

Appropriations - A temporary appropriation resolution to control cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31. An annual Appropriation Resolution must be passed by April 1 of each year for the period January 1 to December 31. The Appropriation Resolution may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources. The County legally adopted several supplemental appropriations during the year. The original budget and all budgetary amendments and supplemental appropriations necessary during 2009 are included in the final budget amounts in the budget-to-actual comparisons.

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 appropriation balance is carried forward to the succeeding fiscal year and is not reappropriated.

G. Cash and Investments

To improve cash management, cash received by the County is pooled. Monies for all funds, including the proprietary fund, are maintained in this pool. Individual fund integrity is maintained through the County's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the basic financial statements.

During 2009, investments were limited to U.S. Government money market mutual funds, U.S. obligations and repurchase agreements.

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, are reported at cost.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the general fund during 2009 amounted to \$344,263 which includes \$317,053 assigned from other County funds.

The County has segregated bank accounts for monies held separately from the County's central bank account. These interest-bearing depository accounts are presented on the combined balance sheet as "cash in segregated accounts" since they are not required to be deposited into the County treasury.

For presentation on the basic financial statements, investments of the cash management pool and investments are considered to be cash equivalents.

An analysis of the Treasurer's investment account at year end is provided in Note 4.

H. Net Patient Service Revenue and Patient Accounts Receivable

Net patient service revenue is reported at estimated net realizable amounts. Payment for the majority of Medicare and Medicaid inpatient services is based on a prospectively determined fixed price, based on the discharge diagnosis per patient case. Certain other Medicare and Medicaid outpatient services are also reimbursed on a prospectively determined fixed price. The Hospital receives reimbursement for other Medicaid and Medicare outpatient services at amounts which approximate the cost of provided the services.

CLINTON COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

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

Final determination of amounts earned is subject to review by the fiscal intermediary. Medicare reports have been settled through 2006, while Medicaid reports have been settled through 2002.

The Hospital has also entered into other contractual arrangements that provide a discount from full established rates for patients enrolled in these plans. Determination of amounts due the Hospital or payable to the third-party payor is subject to audit by the responsible payor. Management believes that adequate provisions have been made for any adjustments that may result from final settlement under these programs.

The Hospital estimates an allowance for doubtful accounts based on an evaluation of historical losses, current economic conditions, and factors unique to their operations.

I. Inventories of Materials and Supplies

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

On the fund financial statements, reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

Inventories of the Hospital are stated at the lower of cost or market value determined by the first-in, first-out method and is expensed when used.

Inventory consists of expendable supplies held for consumption.

J. Capital Assets

Governmental capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets, but are not reported in the fund financial statements. Capital assets utilized by the proprietary fund are reported both in the business-type activities column of the government-wide statement of net assets and in the respective fund.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The County maintains a capitalization threshold of \$5,000. The County's infrastructure consists of roads, bridges, culverts, and sewer lines. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of capital assets is also capitalized.

CLINTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

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

All reported capital assets are depreciated except for land and construction in process. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the County’s historical records of necessary improvements and replacements. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land Improvements	-	15 years
Buildings and Improvements	70 years	40 years
Machinery and Equipment	4 - 20 years	7-10 years
Infrastructure	30 - 50 years	-
Vehicles	8 years	-

The County’s policy is to capitalize net interest on construction projects until substantial completion of the project. The amount of capitalized interest equals the difference between the interest cost associated with the tax-exempt borrowing used to finance the project from the date of borrowing until completion of the project and the interest earned from temporary investment of the debt proceeds over the same period.

The Hospital did not have any capitalized interest for the year ended December 31, 2009. Capitalized interest is amortized on the straight-line method over the estimated useful life of the asset.

K. Compensated Absences

Compensated absences of the County consist of vacation leave and sick leave to the extent that payment to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the County and the employee.

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for sick leave is based on the sick leave accumulated at December 31, 2009, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. Sick leave benefits are accrued using the “vesting” method.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at December 31, 2009, and reduced to the maximum payment allowed by labor contract and/or statute, plus applicable additional salary related payments.

County employees earn vacation at varying rates ranging from two to five weeks per year. Sick leave is accumulated at the rate of three weeks per year. Vacation and sick leave is accumulated on an hours worked basis. Accumulated vacation cannot exceed three times the annual accumulation rate for an employee. The County does not accrue a liability for non-vested sick leave or vacation benefits.

The employees of the Hospital earn vacation days at varying rates depending on years of service. Employees also earn sick leave benefits based on varying rates depending on years of service.

The entire compensated absences liability is reported on the government-wide financial statements.

CLINTON COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

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

On governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the accounts "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. For proprietary funds, the entire amount of compensated absences is reported as a fund liability.

L. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2009, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

M. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported in the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences and pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases and long-term loans are recognized as a liability in the fund financial statements when due.

N. Unamortized Issuance Costs/Bond Premium and Discount/Accounting Gain or Loss

On government-wide financial statements, issuance costs are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Issuance costs are recorded as deferred charges.

Bond premiums are deferred and amortized over the term of the bonds. Bond premiums are presented as an addition to the face amount of the bonds.

For advance refundings resulting in the defeasance of debt reported in the proprietary funds, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as an addition to or reduction from the face amount of the new debt.

On the governmental fund financial statements, issuance costs and bond premiums are recognized in the current period.

CLINTON COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

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

O. Interfund Transactions

During the normal course of operations, the County has numerous transactions between funds. Transfers represent movement of resources from a fund receiving revenue to a fund through which those resources will be expended and are recorded as other financing sources (uses) in governmental funds and as transfers in proprietary funds. Interfund transactions that would be treated as revenues and expenditures/expenses if they involved organizations external to the County are treated similarly when involving other funds of the County.

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivable/interfund payable" for the current portion of interfund loans or advances to/from other funds for the non-current portion of interfund loans. All other outstanding balances outstanding between funds are reported as "due to/from other funds." These amounts are eliminated on the statement of net assets.

Advances between funds, as reported in the governmental fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

P. Fund Balance Reserves

Reserved fund balances indicate that a portion of fund equity is not available for current appropriation or use. The unreserved portions of fund equity reflected in the governmental funds are available for use within the specific purposes of the funds.

The County reports amounts representing encumbrances outstanding, prepayments, materials and supplies inventories, and advances as reservations of fund balance in the governmental funds.

Q. Charity Care

The Hospital treats patients regardless of their ability to pay. Amounts not collected under indigent care programs are considered to be charity care. Charity care measured at established rates approximated \$7,469,000 in 2009.

R. Assets Whose Use is Limited

Assets whose use is limited consists of investments that are held by the trustee of Hospital revenue bonds and donor restricted funds for expendable and nonexpendable purposes. These are to be utilized for construction costs and related capital expenditures.

S. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, or from grants or outside contributions of resources restricted to capital acquisition and construction. During 2009, the County did not receive capital contributions.

CLINTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

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

T. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those 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 applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

U. Estimates

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2009, the County has implemented GASB Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments", GASB Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", GASB Statement No. 56 "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards", and GASB Statement No. 57 "Other Postemployment Benefit (OPEB) Measurements by Agent Employers and Agent Multiple-Employers".

GASB Statement No. 52 improves the quality of financial reporting by requiring endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income. The implementation of GASB Statement No. 52 did not have an effect on the financial statements of the County.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB's authoritative literature. The implementation of GASB Statement No. 55 did not have an effect on the financial statements of the County.

GASB Statement No. 56 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' (AICPA) Statements on Auditing Standards. The implementation of GASB Statement No. 56 did not have an effect on the financial statements of the County.

GASB Statement No. 57 establishes standards for the measurement and financial reporting of actuarially determined information by agent employers with individual-employer OPEB plans that have fewer than 100 total plan members and by the agent multiple-employer OPEB plans in which they participate. The implementation of GASB Statement No. 57 did not have an effect on the financial statements of the County.

CLINTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Deficit Fund Balances

<u>Major governmental fund</u>	<u>Deficit</u>
Martinsville-Midland project bond retirement	\$ 29,171
 <u>Nonmajor governmental funds</u>	
Dog and kennel	66,943
Clinton County park board	18,039
County recorder equipment	36,132
Fairground buildings and public service agency building bond retirement	52,939
Federal roads and bridges	138,119
Martinsville-Midland sanitary project	72,871

All funds complied with Ohio State law, which does not permit a cash basis deficit at year end. The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

C. Compliance

Ohio Revised Code 5705.41 (B) stipulates that no subdivision or taxing unit is to expend money unless it has been appropriated. Expenditures exceeded appropriations in the general fund in the "other" expenditure line by \$3,409.

NOTE 4 - DEPOSITS AND INVESTMENTS

Monies held by the County are classified by State statute into two categories. Active monies are public monies determined to be necessary to meet current demand upon the County treasury. Active monies must be maintained either as cash in the County treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. 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;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

CLINTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

4. Bonds and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in 1 or 2 above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's Asset Reserve of Ohio Investment Pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in 1 or 2 above or cash or both securities and cash, equal value for equal value;
9. High grade commercial paper for a period not to exceed 180 days and in an amount not to exceed twenty-five percent of the County's total average portfolio; and,
10. Bankers acceptances for a period not to exceed 180 days and in an amount not to exceed twenty-five percent of the County's total average portfolio.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the County, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Cash on Hand

At year end, the County had \$94,275 in undeposited cash on hand which is included on the financial statements of the County as part of "equity in pooled cash and cash equivalents".

B. Cash in Segregated Accounts

At year end, the County had \$1,462,448 in cash and cash equivalents deposited separate from the County's internal investment pool. This amount is included in the amount of deposits with fiscal institutions below.

C. Deposits with Financial Institutions

At December 31, 2009, the carrying amount of all County deposits was \$26,952,804. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2009, \$14,764,463 of the County's bank balance of \$26,994,113 was exposed to custodial risk as discussed below, while \$12,229,650 was covered by the Federal Deposit Insurance Corporation (FDIC).

CLINTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial credit risk is the risk that, in the event of bank failure, the County's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the County. The County has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the County to a successful claim by the FDIC.

D. Investments

As of December 31, 2009, the County had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>				
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater than 24 months</u>
Repurchase agreement	\$ 1,680,668	\$ 1,680,668	\$ -	\$ -	\$ -	\$ -
U.S. Obligations	7,310,926	-	886,594	-	-	6,424,332
U.S. Government money market mutual funds	<u>1,242,576</u>	<u>1,242,576</u>	-	-	-	-
Total	<u>\$ 10,234,170</u>	<u>\$ 2,923,244</u>	<u>\$ 886,594</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,424,332</u>

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the County's investment policy limits investment portfolio maturities to five years or less. The Hospital does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Of the County's investment in repurchase agreements, the entire balance is collateralized by underlying securities pledged by the investment's counterparty, not in a name of the County. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the County's name.

The Hospital may invest in United States obligations or any other obligation guaranteed by the United States; bonds, notes or any other obligations or securities issued by any federal government or instrumentality; time certificate of deposits or savings or deposit accounts, including passbook accounts, in any eligible institutions mentioned in Section 135.32; bonds and other obligations of the State of Ohio or the political subdivisions of the State provided that such political subdivisions are located wholly or partly within the same county; certain no load money market mutual funds; certain commercial papers; and certain repurchase agreements.

CLINTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Concentration of Credit Risk: The County places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the County at December 31, 2009:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
Repurchase agreement	\$ 1,680,668	16.42
U.S. Obligations	7,310,926	71.44
U.S. Government money market mutual funds	<u>1,242,576</u>	<u>12.14</u>
Total	<u>\$ 10,234,170</u>	<u>100.00</u>

E. Reconciliation of Cash and Investments to the Statement of Net Assets

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of December 31, 2009:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 26,952,804
Investments	10,234,170
Cash on hand	<u>94,275</u>
Total	<u>\$ 37,281,249</u>
<u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 13,846,081
Business type activities	18,129,514
Fiduciary funds	<u>5,305,654</u>
Total	<u>\$ 37,281,249</u>

F. Component Units

At December 31, 2009, the carrying amount of the Workshop's demand deposits, including nonnegotiable certificates of deposit, was \$294,779 and the bank balance, including nonnegotiable certificates of deposit, was \$294,429. Of the bank balance, \$145,756 was insured by the FDIC. The Workshop had \$350 of cash on hand at December 31, 2009, which is included in "equity in pooled cash and cash equivalents". At December 31, 2009, the Workshop had an investment in the amount of \$148,673 in a money market mutual fund. Money market mutual funds are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

At December 31, 2009, the carrying amount and bank balance of the Authority's demand deposits was \$9,886. The entire bank balance was insured by the FDIC.

CLINTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 5 - INTERFUND TRANSACTIONS

- A.** Interfund transfers for the year ended December 31, 2009, consisted of the following, as reported on the fund financial statements:

Transfers to general fund from:		
Nonmajor governmental funds		\$ 600,000
Transfers to motor vehicle & gas tax fund from:		
General fund		23,406
Transfers to nonmajor governmental funds from:		
General fund		1,471
Nonmajor governmental funds		41,251

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Non-routine transfers include a \$600,000 transfer from the County Bypass/Jail bond retirement fund (a nonmajor governmental fund) to the general fund. The purpose of this transfer was to return to the general fund excess resources accumulated in the bond retirement fund.

- B.** Short term interfund loans consisted of the following at December 31, 2009, as reported on the fund financial statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ 24,416

These interfund balances will be repaid in the next year as resources become available.

- C.** Long-term advances to and from other funds at December 31, 2009, as reported on the fund financial statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ 339,420
	Martinsville-Midland project bond retirement	59,517

The balance in the general fund represents amounts due from other funds that are not expected to be repaid within the next year.

CLINTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 5 - INTERFUND TRANSACTIONS (Continued)

D. Due from/to other funds consisted of the following at December 31, 2009, as reported on the fund financial statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Children services board	\$ 7,906
	Nonmajor governmental funds	20,129
Children services board	Nonmajor governmental funds	6,283
Motor vehicle gas tax	General	9,215
	Public assistance	244
	Nonmajor governmental funds	580
Public assistance	Workforce development	2,246

The balances resulted from the time lag between the dates that payments between the funds are made.

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility and tangible personal property located in the County. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revaluated every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

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. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2009 public utility property taxes became a lien December 31, 2008, are levied after October 1, 2009, and are collected in 2010 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in 2009 (other than public utility property) represent the collection of 2009 taxes. Tangible personal property taxes received in 2009 were levied after October 1, 2008, on the true value as of December 31, 2008. Tangible personal property tax is being phased out - the assessment percentage for property, including inventory, was reduced to zero for 2009. 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.

CLINTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 6 - 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 will be eliminated by calendar year 2009, 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 2009-2010, the County will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The County Treasurer collects property taxes on behalf of all taxing districts in the County. The County Auditor periodically remits to the taxing districts their portion of the taxes collected. Property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2009 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by unearned revenue since the current taxes were not levied to finance 2009 operations and the collection of delinquent taxes has been offset by deferred revenue since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is deferred.

The full tax rate for all County operations for the year ended December 31, 2009 was \$11.40 per \$1,000 of assessed value. The assessed value upon which 2009 property taxes were collected was \$1,137,033,570.

NOTE 7 - PERMISSIVE SALES AND USE TAX

In 1977, the County Commissioners by resolution imposed a 0.5% tax on all retail sales, except sales of motor vehicles, made in the County, and on the storage, use, or consumption in the County of tangible personal property, including automobiles, not subject to the sales tax. In 1988, the County Commissioners added an additional 0.5% tax to the existing tax. On October 1, 2005, the County Commissioners imposed a 0.5% tax to the existing tax for a period of five years. Vendor collections of the tax are paid to the State Treasurer by the 23rd day of the month following collection. The State Tax Commissioner certifies to the State Auditor the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within 45 days after the end of the month following collection. The State Auditor then has five days in which to draw the warrant payable to the County.

Proceeds of the tax are credited entirely to the general fund and special revenue funds. Amounts that have been collected by the State and are to be received within the available period are accrued as revenue to the extent that they are intended to finance 2009 operations. Sales and use tax revenue for 2009 amounted to \$7,001,072.

NOTE 8 -RECEIVABLES

Receivables at December 31, 2009, consisted of taxes, accounts (billings for user charged services), accrued interest, special assessments and intergovernmental receivables arising from grants, entitlements and shared revenue. All intergovernmental receivables have been classified as "due from other governments" on the balance sheet. Receivables have been recorded to the extent that they are measurable at December 31, 2009, as well as intended to finance 2009 operations.

CLINTON COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

NOTE 8 -RECEIVABLES

A summary of the receivables reported on the statement of net assets follows:

Governmental activities:

Sales taxes	\$ 1,211,051
Real estate and other taxes	6,513,060
Accounts	153,718
Special assessments	100,561
Accrued interest	39,432
Due from other governments	6,486,784

Business-type activities:

Gross accounts receivable	13,441,495
Less: allowance for doubtful accounts	<u>(3,758,000)</u>
Net accounts receivable	<u>9,683,495</u>
Notes and other receivables	650,188

Receivables have been disaggregated on the face of the balance sheet. The only receivable not expected to be collected within the subsequent year are the special assessments which are collected over the life of the assessment.

CLINTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 9 - CAPITAL ASSETS

A. Primary Government

Capital asset activity for the year ended December 31, 2009, was as follows:

	Balance <u>12/31/08</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>12/31/09</u>
<u>Governmental activities:</u>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 871,880	\$ -	\$ -	\$ 871,880
Total capital assets, not being depreciated	<u>871,880</u>	<u>-</u>	<u>-</u>	<u>871,880</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	201,001	-	-	201,001
Buildings and improvements	20,565,432	36,831	-	20,602,263
Equipment	3,855,915	204,693	(205,002)	3,855,606
Vehicles	3,185,326	156,139	(91,309)	3,250,156
Infrastructure	<u>42,474,816</u>	<u>1,815,948</u>	<u>-</u>	<u>44,290,764</u>
Total capital assets, being depreciated	<u>70,282,490</u>	<u>2,213,611</u>	<u>(296,311)</u>	<u>72,199,790</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(86,797)	(5,143)	-	(91,940)
Buildings and improvements	(5,362,094)	(394,424)	-	(5,756,518)
Equipment	(2,335,843)	(331,011)	185,697	(2,481,157)
Vehicles	(2,144,282)	(241,601)	86,298	(2,299,585)
Infrastructure	<u>(10,037,769)</u>	<u>(1,130,089)</u>	<u>-</u>	<u>(11,167,858)</u>
Total accumulated depreciation	<u>(19,966,785)</u>	<u>(2,102,268)</u>	<u>271,995</u>	<u>(21,797,058)</u>
Total capital assets, being depreciated net	<u>50,315,705</u>	<u>111,343</u>	<u>(24,316)</u>	<u>50,402,732</u>
Governmental activities capital assets, net	<u>\$ 51,187,585</u>	<u>\$ 111,343</u>	<u>\$ (24,316)</u>	<u>\$ 51,274,612</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
Legislative and executive	\$ 298,100
Judicial	16,654
Public safety	154,462
Public works	1,448,804
Health	89,771
Human services	69,942
Other	<u>24,535</u>
Total depreciation expense - governmental activities	<u>\$ 2,102,268</u>

CLINTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 9 - CAPITAL ASSETS - (Continued)

	Balance <u>12/31/08</u>	Additions/ <u>Transfers</u>	<u>Retirements</u>	Balance <u>12/31/09</u>
<u>Business-type activities:</u>				
<i>Capital assets, not being depreciated:</i>				
Construction in progress	\$ 714,020	\$ 517,125	\$ -	\$ 1,231,145
Total capital assets not being depreciated	<u>714,020</u>	<u>517,125</u>	<u>-</u>	<u>1,231,145</u>
<i>Capital assets, being depreciated:</i>				
Land and land improvements	3,542,003	-	(3,475)	3,538,528
Buildings and improvements	86,441,165	168,852	(6,352)	86,603,665
Equipment	<u>52,853,611</u>	<u>976,013</u>	<u>(1,273,409)</u>	<u>52,556,215</u>
Total capital assets, being depreciated	<u>142,836,779</u>	<u>1,144,865</u>	<u>(1,283,236)</u>	<u>142,698,408</u>
<i>Less: accumulated depreciation:</i>				
Land and land improvements	(1,438,200)	(137,299)	2,158	(1,573,341)
Buildings and improvements	(27,904,130)	(3,048,987)	6,352	(30,946,765)
Equipment	<u>(33,443,024)</u>	<u>(4,699,699)</u>	<u>816,194</u>	<u>(37,326,529)</u>
Total accumulated depreciation	<u>(62,785,354)</u>	<u>(7,885,985)</u>	<u>824,704</u>	<u>(69,846,635)</u>
Business-type activities capital assets, net	<u>\$ 80,765,445</u>	<u>\$ (6,223,995)</u>	<u>\$ (458,532)</u>	<u>\$ 74,082,918</u>

B. Component Unit Capital Assets

A summary of the changes in the component unit capital assets during the fiscal year follows:

	Balance <u>12/31/08</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>12/31/09</u>
<u>Component unit:</u>				
<i>Capital assets, being depreciated:</i>				
Land improvements	\$ 12,761	\$ -	\$ -	\$ 12,761
Buildings and improvements	36,993	3,901	-	40,894
Furniture and equipment	21,604	2,876	-	24,480
Vehicles	<u>23,990</u>	<u>-</u>	<u>-</u>	<u>23,990</u>
Total capital assets being depreciated	<u>95,348</u>	<u>6,777</u>	<u>-</u>	<u>102,125</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(7,945)	(1,004)	-	(8,949)
Buildings and improvements	(35,936)	(856)	-	(36,792)
Furniture and equipment	(19,026)	(1,285)	-	(20,311)
Vehicles	<u>(15,460)</u>	<u>(1,631)</u>	<u>-</u>	<u>(17,091)</u>
Total accumulated depreciation	<u>(78,367)</u>	<u>(4,776)</u>	<u>-</u>	<u>(83,143)</u>
Total capital assets, being depreciated, net	<u>\$ 16,981</u>	<u>\$ 2,001</u>	<u>\$ -</u>	<u>\$ 18,982</u>

CLINTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 10 - CAPITAL LEASE - LESSEE DISCLOSURE

During prior years, the County entered into capitalized leases for the acquisition of copiers. The leases meet the criteria of a capital lease as defined by FASB Statement No. 13, "Accounting for Leases", which defines a capital lease as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Governmental activities capital assets consisting of equipment have been capitalized in the amount of \$131,918. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability is recorded in the government-wide financial statements. Principal payments in the amount of \$23,335 made during 2009.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2009:

<u>Year Ending December 31,</u>	<u>Amount</u>
2010	\$ 17,664
2011	17,664
2012	17,664
2013	17,664
2014	<u>17,664</u>
Total	88,320
Less: amount representing interest	<u>(19,040)</u>
Present value of net minimum lease payments	<u>\$ 69,280</u>

NOTE 11 - COMPENSATED ABSENCES

Vacation and sick leave accumulated by governmental fund type employees is recorded on the statement of net assets. Vacation and sick leave earned by proprietary fund type employees is expensed when earned.

Upon termination of County service, a fully vested employee is entitled to a percentage of their accumulated sick leave based on their years of service not to exceed 30 days and all accumulated vacation. At December 31, 2009, vested benefits for vacation leave for governmental fund type employees totaled \$816,374 and vested benefits for sick leave totaled \$368,159. For the proprietary fund type, vested benefits for vacation leave totaled \$4,119 and there were no vested benefits for sick leave.

CLINTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 12 - LONG-TERM OBLIGATIONS

A. Governmental Activities Long-Term Obligations

During 2009, the following changes occurred in the County's governmental long-term obligations:

Governmental activities:	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Balance 12/31/08</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/09</u>	<u>Amount Due in One Year</u>
General Obligation Bonds:							
Bypass/Jail Construction Bond 4.0-5.75%	12/1/1999	12/1/2019	\$ 3,140,000	\$ -	\$ (3,140,000)	\$ -	\$ -
Various Purpose Refunding Bonds 2.23 - 3.75%	6/1/2009	12/1/2019	-	3,310,000	(100,000)	3,210,000	295,000
Haines Ditch Project Bonds - 5.25-6.00%	12/1/2006	12/1/2014	65,000	-	(10,000)	55,000	10,000
Martinsville-Midland Project USDA Bonds 3.625-4.25%	12/18/2008	12/1/2048	4,967,000	-	(49,650)	4,917,350	51,750
Fairground/Public Service Agency Building Bond - 3.73-4.125%	3/27/2008	12/1/2027	<u>3,395,000</u>	<u>-</u>	<u>(130,000)</u>	<u>3,265,000</u>	<u>135,000</u>
Total general obligation bonds			<u>11,567,000</u>	<u>3,310,000</u>	<u>(3,429,650)</u>	<u>11,447,350</u>	<u>491,750</u>
Bond Anticipation Notes:							
Martinsville-Midland Sanitary Project - 4.375%	10/23/2008	1/22/2009	<u>4,925,000</u>	<u>-</u>	<u>(4,925,000)</u>	<u>-</u>	<u>-</u>
Total bond anticipation notes			<u>4,925,000</u>	<u>-</u>	<u>(4,925,000)</u>	<u>-</u>	<u>-</u>
Special Assessment Note:							
Nance Road Ditches - 5.075%	8/31/2009	9/1/2014	-	24,000	-	24,000	4,323
Port William Road Ditches - 5.075%	8/31/2009	9/1/2014	<u>-</u>	<u>6,000</u>	<u>-</u>	<u>6,000</u>	<u>1,081</u>
Total special assessment notes			<u>-</u>	<u>30,000</u>	<u>-</u>	<u>30,000</u>	<u>5,404</u>
Special Assessment Bond:							
Ditch Construction Bonds - 6.20%	8/1/2001	8/1/2009	<u>11,616</u>	<u>-</u>	<u>(11,616)</u>	<u>-</u>	<u>-</u>
Total special assessment bond			<u>11,616</u>	<u>-</u>	<u>(11,616)</u>	<u>-</u>	<u>-</u>
Other Long-Term Obligations:							
OPWC loan			195,000	-	(5,000)	190,000	10,000
Compensated absences			1,181,261	1,114,264	(1,106,873)	1,188,652	661,447
Capital lease			<u>92,615</u>	<u>-</u>	<u>(23,335)</u>	<u>69,280</u>	<u>11,242</u>
Total other long-term obligations			<u>1,468,876</u>	<u>1,114,264</u>	<u>(1,135,208)</u>	<u>1,447,932</u>	<u>682,689</u>
Total general long-term obligations			<u>\$ 17,972,492</u>	<u>\$ 4,454,264</u>	<u>\$ (9,501,474)</u>	12,925,282	<u>\$ 1,179,843</u>
Add: unamortized premium on bond issue						78,702	
Less: deferred amount on refunding						<u>(104,384)</u>	
Total reported on the statement of net assets						<u>\$ 12,899,600</u>	

CLINTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 12 - LONG TERM OBLIGATIONS - (Continued)

General Obligation Bonds: General obligation bonds are direct obligations of the County for which its full faith and credit are pledged for repayment. Principal and interest payments on the general obligation bonds are made from the debt service funds.

In 2009, the County issued general obligation refunding bonds. The proceeds were used to advance refund the County's 1999 Bypass/Jail Construction Bonds by purchasing SLGS that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. The refunded bonds were not included in the County's outstanding debt since the County has satisfied its obligations through the advance refunding.

The reacquisition price exceeded the net carrying value of the old debt by \$109,603. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is amortized as interest expense through the year 2019 using the straight-line method.

The assets held in trust as a result of the advance refunding described above are not included in the accompanying BFS. At December 31, 2009, \$2,870,000 of the refunded bonds being held by escrow agent are still outstanding.

Special Assessment Bond: The special assessment bond is supported by the full faith and credit of the County. The bond was issued to provide resources for the Upper Middle Fork Group ditch construction. The bond was retired through special assessments levied against benefited property owners.

Special Assessment Notes: The special assessment notes were issued to provide resources for two new ditch construction projects. The notes are direct obligations of the County for which its full faith and credit are pledged for repayment. The notes will be retired through special assessments levied against benefited property owners.

Bond Anticipation Notes: In accordance with FASB Statement No. 6 "Classification of Short-Term Obligations Expected to Be Refinanced", the bond anticipation notes were classified as long-term obligations because they were replaced with general obligation bonds or bond anticipation notes before the financial statements were issued. The bond anticipation notes were retired on January 22, 2009 through the proceeds of the USDA bonds issued on December 18, 2008.

OPWC Loan: The County was approved for a \$200,000 loan from Ohio Public Works Commission (OPWC) with a 0% interest rate and payable over 20 years. The proceeds were used towards the construction of the Martinsville-Midland Sewer Project.

Compensated Absences: Vested sick leave and vacation benefits will be paid from the fund from which the employee is paid.

CLINTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 12 - LONG TERM OBLIGATIONS - (Continued)

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

Year Ending December 31,	General Obligation Bonds			Special Assessment Notes		
	Principal	Interest	Total	Principal	Interest	Total
2010	\$ 491,750	\$ 423,968	\$ 915,718	\$ 5,404	\$ 1,478	\$ 6,882
2011	503,930	410,574	914,504	5,689	1,193	6,882
2012	506,210	397,176	903,386	5,983	899	6,882
2013	513,580	383,682	897,262	6,298	584	6,882
2014	536,030	369,226	905,256	6,626	256	6,882
2015 - 2019	2,886,030	1,577,300	4,463,330	-	-	-
2020 - 2024	1,435,400	1,141,209	2,576,609	-	-	-
2025 - 2029	1,232,970	832,182	2,065,152	-	-	-
2030 - 2034	642,970	652,997	1,295,967	-	-	-
2035 - 2039	790,520	505,438	1,295,958	-	-	-
2040 - 2044	972,000	323,974	1,295,974	-	-	-
2045 - 2048	935,960	100,805	1,036,765	-	-	-
Total	\$ 11,447,350	\$ 7,118,531	\$ 18,565,881	\$ 30,000	\$ 4,410	\$ 34,410

Year Ending December 31,	OPWC Loan Payable		
	Principal	Interest	Total
2010	\$ 10,000	\$ -	\$ 10,000
2011	10,000	-	10,000
2012	10,000	-	10,000
2013	10,000	-	10,000
2014	10,000	-	10,000
2015 - 2019	50,000	-	50,000
2020 - 2024	50,000	-	50,000
2025 - 2028	40,000	-	40,000
Total	\$ 190,000	\$ -	\$ 190,000

CLINTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

B. Business-Type Activities Long-Term Obligations

During 2009, the following changes occurred in the County’s business-type long-term obligations:

Business-type activities:	<u>Balance</u> <u>12/31/08</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/09</u>	<u>Amount Due</u> <u>in One Year</u>
Hospital Facilities Revenue	\$ 41,220,000	\$ -	\$ (2,715,000)	\$ 38,505,000	\$ 3,035,000
Refunding and Improvement Bonds Series 2006A Note Payable	<u>1,451,675</u>	<u>-</u>	<u>(505,013)</u>	<u>946,662</u>	<u>395,625</u>
Total business-type long-term obligations	<u>\$ 42,671,675</u>	<u>\$ -</u>	<u>\$ (3,220,013)</u>	<u>\$ 39,451,662</u>	<u>\$ 3,430,625</u>

Hospital Facilities Revenue Refunding and Improvements Bonds: The 2002 Clinton County adjustable rate demand hospital facilities revenue refunding and improvement bonds were used to refund and retire the 1992 and 1998 bonds and to finance the acquisition, construction, equipping, and installation of new hospital facilities. Under the terms of the 2002 revenue bonds, the Hospital is required to maintain certain deposits with a trustee. Such deposits are included in assets whose use is limited. The bonds also place limits on the incurrence of additional borrowings and requires the Hospital satisfy certain measures of financial performance. The Hospital was not in compliance with the financial measures as of December 31, 2009. The Hospital obtained a waiver from the respective lending institution.

Hospital Facilities Revenue Refunding and Improvements Bonds: The 2005 Clinton County adjustable rate demand hospital facilities revenue refunding and improvement bonds were used to finance the acquisition, construction and equipping of Hospital facilities. Under the terms of the 2005 revenue bonds, the Hospital is required to maintain certain deposits with a trustee. Such deposits are included in assets whose use is limited. The bonds also place limits on the incurrence of additional borrowings and requires the Hospital satisfy certain measures of financial performance. The Hospital was not in compliance with the financial measures as of December 31, 2009. The Hospital obtained a waiver from the respective lending institution.

The Hospital makes limited use of derivative financial instruments for the purpose of managing interest rate risk. In particular, forward interest rate swaps (which are designated as cash flow hedges) are used to manage the risk associated with interest rates on variable-rate borrowings and to lower its overall borrowing costs.

At December 31, 2009, the Hospital had outstanding an interest rate swap agreement with Fifth Third Bank, that had an outstanding nominal amount of \$10,395,000 at December 31, 2009. The agreement effectively changes the Hospital’s interest rate on the 2005 Bonds to a fixed rate of 4.23%. The interest rate swap agreement terminates on January 1, 2016. The Hospital is exposed to credit loss in the event of nonperformance by the other parties to the interest rate swap agreements. However, the Hospital does not anticipate nonperformance by the counterparties.

The interest rate swap agreement is designated as a hedging instrument, and is marked-to-market on the balance sheet at fair value at the end of the period. The related gains and losses are included in change in net assets for the reporting period. Cash flows from interest rate swap contracts are classified as a capital and related financing activity on the statement of cash flows.

CLINTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 12 - LONG TERM OBLIGATIONS - (Continued)

The fair value of the interest rate swap at December 31, 2009 was a liability of \$957,522. This liability is reported as other liabilities on the statement of net assets. During 2009, the Hospital recognized a gain of \$285,638 due to the interest rate swap. This has been reported as a non-operating revenue on the statement of revenues, expenses and changes in net assets.

Series 2006A Note Payable: This note bears an interest rate of 5.015% and matures October 4, 2011.

The following is a summary of the County's future principal and interest debt service requirements for the business-type activities long-term obligations outstanding:

Year Ending <u>December 31,</u>	<u>Bonds and Notes</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Interest Rate Swap, Net</u>	<u>Total</u>
2010	\$ 3,430,625	\$ 257,591	\$ 382,563	\$ 4,070,779
2011	4,161,037	213,460	358,248	4,732,745
2012	1,945,000	175,230	332,856	2,453,086
2013	2,030,000	164,533	306,178	2,500,711
2014	2,115,000	153,368	278,208	2,546,576
2015 - 2019	12,065,000	581,625	228,206	12,874,831
2020 - 2024	11,285,000	239,085	-	11,524,085
2025 - 2027	2,420,000	15,318	-	2,435,318
Total	<u>\$ 39,451,662</u>	<u>\$ 1,800,210</u>	<u>\$ 1,886,259</u>	<u>\$ 43,138,131</u>

C. Legal Debt Margin

The Ohio Revised Code provides that the net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 1% of the total assessed valuation of the County.

The Code further provides that the total voted and unvoted net debt of the County, less the same exempt debt, shall never exceed a sum equal to 3% of the first \$100,000,000, of the assessed valuation, plus one and one-half percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000 plus 2-1/2% of such valuation in excess of \$300,000,000. Based on this calculation, the County's legal debt margin was \$11,749,775 as of December 31, 2009.

NOTE 13 - RISK MANAGEMENT

A. General Insurance

The County is exposed to various risks of loss related to torts, theft, damage to or destruction of assets, errors and omissions, employee injuries, and natural disasters.

CLINTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 13 - RISK MANAGEMENT - (Continued)

The County is a member of County Risk Sharing Authority, Inc. (CORSA), which is a shared risk pool of 41 counties in Ohio. CORSA was formed as an Ohio nonprofit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by CORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance.

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the CORSA are managed by an elected Board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any one time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the Board of Trustees.

The County pays the State Workers' Compensation System a premium based on a rate per \$100 of employee compensation. The rate is calculated based on accident history and administrative costs. Settled claims have not exceeded this coverage in any of the past three fiscal years.

B. Health Care, Vision, Dental and Life Insurance

The County has elected to provide medical, vision, dental and life insurance benefits to employees through the County Employee Benefits Consortium of Ohio (CEBCO), a risk-sharing pool. The County, through CEBCO, is insured for medical through Anthem Blue Cross, and outside of CEBCO has fully insured contracts with Principal Financial Group for dental, Vision Service Plan (VSP) for vision and Mutual of Omaha for group life insurance.

C. Professional Liability Insurance

The Hospital's professional liability insurance coverage is provided up to \$1 million per occurrence with an annual aggregate of \$3 million and excess insurance of \$10 million for professional and general liability risks through Traveler's Insurance Group.

CLINTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 14 - PENSION PLANS

A. Ohio Public Employees Retirement System

Plan Description - The County participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the Traditional Pension Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the Member-Directed Plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For 2009, member and contribution rates were consistent across all three plans. While members in the State and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Plan. The 2009 member contribution rates were 10.00% for members in State and local classifications. Public safety and law enforcement members contributed 10.10%. The County's contribution rate for 2009 was 14.00%, except for those plan members in law enforcement or public safety, for whom the County's contribution was 17.63% of covered payroll.

The County's contribution rate for pension benefits for 2009 was 7.00% from January 1 through March 31, 2009 and 8.50% from April 1 through December 31, 2009, except for those plan members in law enforcement and public safety. For those classifications, pension contributions were 10.63% from January 1 through March 31, 2009 and 12.13% from April 1 through December 31, 2009. The County's required contributions for pension obligations, excluding the Hospital, to the Traditional Pension and Combined Plans for the years ended December 31, 2009, 2008 and 2007 were \$1,111,466, \$1,021,178 and \$1,055,097, respectively; 92.42% has been contributed for 2009 and 100% has been contributed for 2008 and 2007.

The Hospital's contribution for pension obligations were \$3,037,149, \$2,442,941, and \$3,157,195 for the years ended December 31, 2009, 2008 and 2007, respectively.

CLINTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 14 - PENSION PLANS - (Continued)

B. State Teachers Retirement System

Plan Description - Certified teachers, employed by the school for Mental Retardation and Developmental Disabilities, participate in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. 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 10.50% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy - For 2009, plan members were required to contribute 10.00% of their annual covered salaries. The County was required to contribute 14.00%; 13.00% was the portion used to fund pension obligations. 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 years ended December 31, 2009, 2008, and 2007 were \$28,265, \$26,605 and \$25,281, respectively; 100 % has been contributed for 2009, 2008 and 2007. There were no contributions to the DC and Combined Plans for 2009.

CLINTON COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

NOTE 15 - POSTRETIREMENT BENEFIT PLANS

A. Ohio Public Employees Retirement System

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

To qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten years or more of qualifying Ohio service credit. The Ohio Revised Code permits, but not does mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

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

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2009, local government employers contributed 14.00% of covered payroll (17.63% for public safety and law enforcement). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for 2009 was 7.00% from January 1 through March 31, 2009 and 5.50% from April 1 through December 31, 2009.

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. Active members do not make contributions to the post-employment healthcare plan.

The County's contributions allocated to fund post-employment health care benefits, excluding the Hospital, for the years ended December 31, 2009, 2008 and 2007 were \$769,905, \$964,107 and \$825,803, respectively; 92.42% has been contributed for 2009 and 100% has been contributed for 2008 and 2007.

The Hospital's contributions allocated to fund post-employment health care benefits were approximately \$2,200,000, \$2,619,000, and \$2,080,000 for the years ended December 31, 2009, 2008 and 2007, respectively.

CLINTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 15 - POSTRETIREMENT BENEFIT PLANS - (Continued)

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

B. State Teachers Retirement System

Plan Description - The County contributes to the cost sharing, multiple employer defined benefit Health Plan (the "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. All benefit recipients, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to 1.00% of covered payroll to the Health Care Stabilization Fund. The County's contributions for health care for the years ended December 31, 2009, 2008 and 2007 were \$2,174, \$2,047 and \$1,945, respectively; 100% has been contributed for 2009, 2008 and 2007.

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund and major special revenue funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis); and,
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as payables (GAAP basis).

CLINTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund and major special revenue funds are as follows:

Net Change in Fund Balances

	Governmental Fund Types					
	<u>General</u>	<u>Children Services Board</u>	<u>County Board of DD</u>	<u>Motor Vehicle and Gas Tax</u>	<u>Public Assistance</u>	<u>Workforce Development</u>
Budget basis	\$ 391,657	\$ 157,103	\$ 995,175	\$ (339,357)	\$ 147,583	\$ (61,734)
Net adjustment for revenue accruals	(23,342)	(13,094)	773	(28,485)	(9,671)	56,710
Net adjustment for expenditure accruals	(84,345)	(22,746)	29,700	(13,506)	(13,460)	(50,477)
Net adjustment for other financing sources/(uses) accruals	24,416	-	-	-	-	-
Encumbrances (budget basis)	<u>516,237</u>	<u>-</u>	<u>74,577</u>	<u>386,616</u>	<u>-</u>	<u>-</u>
GAAP basis	<u>\$ 824,623</u>	<u>\$ 121,263</u>	<u>\$ 1,100,225</u>	<u>\$ 5,268</u>	<u>\$ 124,452</u>	<u>\$ (55,501)</u>

NOTE 17 - CONTINGENT LIABILITIES

A. Grants

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

B. Litigation

Several claims and lawsuits are pending against the County. No liability has been accrued on the balance sheet. In the opinion of the County Prosecutor, the likelihood of a liability for the County cannot reasonably be estimated at this time.

CLINTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 18 - CONCENTRATIONS OF CREDIT RISK

The Hospital grants credit without collateral to its patients, most of whom are insured under third-party payor agreements. This mix of accounts receivable (AR) and gross patient revenue (Revenue) from self-pay patients and third-party payors as of December 31, 2009, was as follows:

	<u>AR</u>	<u>Revenue</u>
Medicare	34%	42%
Medicaid	15%	16%
Other third-party payors	27%	40%
Self pay patients	<u>24%</u>	<u>2%</u>
Total	<u>100%</u>	<u>100%</u>

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. Compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs. The Hospital believes that it is in compliance with all applicable laws and regulations but has had inquiries from the programs related specifically to the billing of laboratory services. In the opinion of management, the ultimate outcome of these matters will not have a material effect on the financial position of the Hospital. However, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near future.

NOTE 19 - CONDUIT DEBT OBLIGATIONS

The County has served as the issuer of \$14,298,685 in industrial revenue bonds. The proceeds were used by private corporations and community organizations to fund various endeavors. The industrial revenue bonds do not constitute a general obligation, debt or bonded indebtedness of the County. Neither is the full faith and credit to taxing power of the County pledged to make repayment.

To provide for the financing of certain expenditures at Clinton Memorial Hospital, the Hospital has issued special facility revenue bonds. These consist of \$35,000,000 in 2002 Clinton County, Ohio, Variable Rate Demand Hospital Improvement Revenue Bonds, with final maturity in February, 2012 and \$12,200,000 in 2005 Clinton County, Ohio, Variable Rate Demand Hospital Improvement Revenue Bonds, with final maturity in December, 2015. These bonds do not constitute a debt or pledge of the faith and credit of the County. As of December 31, 2009, \$38,505,000 was outstanding.

NOTE 20 - SIGNIFICANT SUBSEQUENT EVENTS

On June 1, 2010, DHL officially deeded the Wilmington Air Park to the Clinton County Port Authority. Included in the property transfer are approximately 1,500 acres of land and several buildings.

On June 17, 2010, the County, along with Hospital Partners and the Board of Trustees of Clinton Memorial Hospital, jointly announced the signing of a letter of intent for the purchase of the Clinton Memorial Hospital from the County. The announcement follows a resolution passed by the Clinton County Board of Commissioners selecting RegionalCare Hospital Partners as the buyer for Clinton Memorial Hospital. The next step in the process is the finalization of the Asset Purchase Agreement, which is expected to take approximately 90 days.

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CLINTON COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
DECEMBER 31, 2009

Federal Grantor/Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
<i>Passed Through the Ohio Department of Job and Family Services</i>			
Food Assistance Employment and Training	G-1011-11-5022/G-89-20-1041	10.561	\$7,639
Food Assistance	G-1011-11-5022/G-89-20-1041	10.561	281,976
ARRA - Food Stamp	G-1011-11-5022/G-89-20-1041	10.561	19,392
Total U.S. Department of Agriculture			<u>309,007</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
<i>Passed Through the Ohio Department of Education</i>			
Rehabilitation Services	N/A	84.126	6,545
Innovative Programs - Title V	N/A	84.298	41
Early Childhood Training	N/A	84.173	900
Special Education - Grants to States	N/A	84.027	5,672
Special Education - Preschool Grants	N/A	84.173	2,545
Total Special Education			<u>8,217</u>
<i>Passed Through the Ohio Department of Health</i>			
Help Me Grow - Part C	N/A	84.181	49,562
ARRA - Help Me Grow - Stimulus Grant	N/A	84.393A	13,024
Total Help Me Grow			<u>62,586</u>
Total U.S. Department of Education			<u>78,289</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
<i>Passed Through the Ohio Department of Job and Family Services</i>			
Child Care Services - TANF	G-1011-11-5022/G-89-20-1041	93.558	471,101
Early Start (Help Me Grow)	G-1011-11-5022/G-89-20-1041	93.558	106,434
TANF Admin	G-1011-11-5022/G-89-20-1041	93.558	194,688
TANF Regular	G-1011-11-5022/G-89-20-1041	93.558	983,568
Adopt Ohio Kids	G-1011-11-5022/G-89-20-1041	93.558	26,525
KPIP Admin/Outreach	G-1011-11-5022/G-89-20-1041	93.558	259
TANF Independent Living	G-1011-11-5022/G-89-20-1041	93.558	8,368
Total TANF			<u>1,790,943</u>
Quality Child Care	G-1011-11-5022/G-89-20-1041	93.575	7,365
Child Care Services	G-1011-11-5022/G-89-20-1041	93.575	268,742
Child Care Services	G-1011-11-5022/G-89-20-1041	93.596	195,201
Child Care Admin	G-1011-11-5022/G-89-20-1041	93.596	13,630
Child Care Non-Admin	G-1011-11-5022/G-89-20-1041	93.596	32,062
ARRA - Child Care	G-1011-11-5022/G-89-20-1041	93.713	90,000
Total Child Care			<u>607,000</u>

(Continued)

CLINTON COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
DECEMBER 31, 2009
(Continued)

Federal Grantor/Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
Title XX Base	G-1011-11-5022/G-89-20-1041	93.667	58,720
Title XX Transfer	G-1011-11-5022/G-89-20-1041	93.667	154,663
Total Title XX - Social Services Block Grant			<u>213,383</u>
Medicaid	G-1011-11-5022/G-89-20-1041	93.778	255,955
Medicaid NET	G-1011-11-5022/G-89-20-1041	93.778	59,728
Total Medicaid			<u>315,683</u>
Child Support Enforcement	G-1011-11-5022/G-89-20-1041	93.563	96,003
Federal Child Support	G-1011-11-5022/G-89-20-1041	93.563	907,673
Total Child Support			<u>1,003,676</u>
Promoting Safe and Stable Families	G-1011-11-5022/G-89-20-1041	93.556	29,965
Title IV-B	G-1011-11-5022/G-89-20-1041	93.645	60,393
Foster Care (Title IV-E)	G-1011-11-5022/G-89-20-1041	93.658	144,273
ARRA - Foster Care	G-1011-11-5022/G-89-20-1042	93.658	20,594
Total Foster Care			<u>164,867</u>
Adoption Assistance (Title IV-E)	G-1011-11-5022/G-89-20-1041	93.659	482,892
Non-Recurring Adoption	G-1011-11-5022/G-89-20-1041	93.659	10,960
Total Adoption Assistance			<u>493,852</u>
Child Abuse and Neglect Grant	G-1011-11-5022/G-89-20-1041	93.669	2,000
Chafee Foster Care Independence Program	G-1011-11-5022/G-89-20-1041	93.674	32,787
<i>Passed Through Ohio Department of Developmental Disabilities</i>			
Title XX - Social Services Block Grant	N/A	93.667	27,853
<i>Passed Through Ohio Department of Mental Health</i>			
Medical Assistance Program - Title XIX:			
ARRA - Targeted Case Management (TCM)	N/A	93.778	21,855
ARRA - Enhanced Federal Matching Waiver	N/A	93.778	67,220
Total Title XIX			<u>89,075</u>
<i>Passed through the Ohio Secretary of State</i>			
HHS Poll Worker Training	N/A	90.401	598
HHS Online Poll Worker Training	N/A	93.617	440
HHS Polling Place Accessibility	N/A	93.617	6,863
Total			<u>7,901</u>
<i>Passed through the Ohio Department of Health</i>			
Family-Centered Services and Supports	N/A	93.556	<u>203</u>
Total U.S. Department of Health and Human Services			<u>4,839,581</u>

(Continued)

CLINTON COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
DECEMBER 31, 2009
(Continued)

Federal Grantor/Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
<i>Passed Through the Ohio Department of Transportation</i>			
Highway Planning and Construction:			
Asphalt Resurfacing	PID #79082	20.205	346,551
Raised Pavement Markings	PID #83658	20.205	12,540
Pavement Marking (Phase 3)	PID #83659	20.205	132,863
CEAO Safety Study - Speed Study	PID #83408	20.205	4,050
CEAO Safety Study - No Passing Zone	PID #83408	20.205	8,775
LBRS - Road Centerline Addressing Project	PID #83946	20.205	16,500
Total			<u>521,279</u>
<i>Passed Through the Ohio Department of Public Safety</i>			
State Traffic Safety Information System Improvement	N/A	20.610	<u>16,364</u>
Total U.S. Department of Transportation			<u>537,643</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
<i>Passed Through the Ohio Department of Development</i>			
Community Development Block Grants:			
Community Housing Improvement Program	B-C-07-014-1	14.228	64,120
Small Cities Program Grant (Formula)	B-F-07-014-1	14.228	555
	B-F-08-014-1		48,432
	B-F-09-014-1		5,679
			<u>54,666</u>
CDBG Admin	B-C-09-014-1	14.228	8,000
Home Investment Partnerships Program	B-C-07-014-2	14.239	177,078
CHIP Admin	B-C-09-014-2	14.239	<u>5,500</u>
Total U.S. Department of Housing and Urban Development			<u>309,364</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
<i>Passed Through the Ohio Department of Public Safety</i>			
Emergency Management Performance Grant	N/A	97.042	47,023
State Homeland Security Program - 08	N/A	97.067	51,387
State Homeland Security Program - 07	N/A	97.067	60,359
			<u>111,746</u>
Total U.S. Department of Homeland Security			<u>158,769</u>

(Continued)

CLINTON COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
DECEMBER 31, 2009
(Continued)

Federal Grantor/Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>U.S. DEPARTMENT OF DEFENSE</u>			
<i>Passed Through the US Army Corps of Engineers</i>			
Water Resources Development Act of 1999 Section 594 Ohio	N/A	12.XXX	90,440
Total U.S. Department of the Army			90,440
<u>U.S. DEPARTMENT OF LABOR</u>			
<i>Passed Through the Ohio Department of Jobs and Family Services via Ohio Area 7 Workforce Investment Board</i>			
Workforce Investment Act Cluster:			
WIA - Adult	N/A	17.258	82,103
WIA - Adult Administration			11,440
WIA - Adult ARRA			576
WIA - Adult Total			<u>94,119</u>
WIA - Youth	N/A	17.259	73,659
WIA - Youth Administration			7,644
WIA - Youth ARRA			83,000
WIA - Youth Total			<u>164,303</u>
WIA - Dislocated Workers	N/A	17.260	149,262
WIA - Dislocated Workers Administration			17,271
WIA - Dislocated Workers ARRA			114,677
WIA - DW, Rapid Response			317,460
WIA - DW, Rapid Response ARRA			560,000
WIA - DW, Special Project			332,540
WIA - DW, National Emergency Grant			1,944,407
WIA - Career Advancement			(81,323)
WIA - CAA Demo Grant			795,583
WIA - CAA Demo Administration			45,932
WIA - Dislocated Workers Total			<u>4,195,809</u>
Total Workforce Investment Act Cluster			<u>4,454,231</u>
Total U.S. Department of Labor			4,454,231
Total Federal Expenditures			<u>\$10,777,324</u>

CLINTON COUNTY, OHIO

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
YEAR ENDED DECEMBER 31, 2009**

NOTE A--SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B—SUBRECIPIENTS

The County passes certain federal awards received from the Ohio Department of Job and Family Services to subrecipients. As Note A describes, the County reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the County has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

NOTE C—MATCHING REQUIREMENTS

Certain Federal programs require the County to contribute non-Federal funds (matching finds) 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.

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Mary Taylor, CPA

Auditor of State

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

Clinton County
46 S. South Street
Wilmington, Ohio 45177

To the Board of Commissioners:

We have audited the financial statements of the governmental activities, the component units, each major fund, and the aggregate remaining fund information of Clinton County, Ohio (the County), as of and for the year ended December 31, 2009; which collectively comprise the County's basic financial statements and have issued our report thereon dated September 15, 2010. Our report refers to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Other auditors audited the financial statements of the Clinton Memorial Hospital, which is the County's enterprise fund and business type activity, as described in our report on the County's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that those auditors separately reported.

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 opinion on the financial statements, but not for the purpose of opining on the effectiveness of the County's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the County's internal control over financial reporting.

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

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

We noted certain internal control matters that we reported to the County's management in a separate letter dated September 15, 2010.

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain noncompliance or other matters that we reported to the County's management in a separate letter dated September 15, 2010.

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



Mary Taylor, CPA
Auditor of State

September 15, 2010



Mary Taylor, CPA

Auditor of State

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

Clinton County
46 S. South Street
Wilmington, Ohio 45177

To the Board of Commissioners:

Compliance

We have audited the compliance of Clinton County, Ohio (the County), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that apply to each of its major federal programs for the year ended December 31, 2009. The summary of auditor's results section of the accompanying schedule of findings identifies the County's major federal programs. The County's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the 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, Clinton County complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended December 31, 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that, while not affecting our opinion on compliance, OMB Circular A-133 requires us to report. The accompanying schedule of findings lists these instances as Findings 2009-001 and 2009-002.

Internal Control Over Compliance

The County's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 was not designed to 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. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies, described in the accompanying schedule of findings as items 2009-01 and 2009-02. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a federal program compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

We also noted matters involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the County's management in a separate letter dated September 15, 2010.

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

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



Mary Taylor, CPA
Auditor of State

September 15, 2010

CLINTON COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2009

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	Yes
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	10.561 Food Assistance 93.558 TANF 93.575, 93.596, 93.713 Child Care 93.778 Medicaid 93.563 Child Support 93.659 Adoption Assistance 20.205 Highway Grant 17.258, 17.259, 17.260 WIA
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 322,006 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

NONE

3. FINDINGS FOR FEDERAL AWARDS

FINDING NUMBER 2009-001

Finding Number	2009-001
CFDA Title and Number	10.561 Food Assistance 93.558 TANF 93.575, 93.596, 93.713 Child Care 93.778 Medicaid 93.563 Child Support 93.659 Adoption Assistance 20.205 Highway Grant 17.258, 17.259, 17.260 WIA
Federal Award Number / Year	2009
Federal Agency	US Department of Agriculture US Department of Health and Human Services US Department of Transportation US Department of Labor
Pass-Through Agency	Ohio Department of Job and Family Services Ohio Department of Transportation Ohio Area 7 Workforce Investment Board

Noncompliance Citation/Significant Deficiency

Office of Management and Budget (OMB) Circular A-133 Subpart C, §.310(b) states that the auditee shall prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements.

Office of Management and Budget (OMB) Circular A-133 Subpart C, § .300 states, in pertinent part, that the auditee shall:

- (a) Identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include as applicable the CDFA title and number, award number and year, name of the Federal agency, and name of the pass-through entity.
- (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with §_.310.

**FINDING NUMBER 2009-001
(Continued)**

The County does not have an adequate system in place to identify and monitor the federal award expenditures. The County relies on the various departments that manage each award to provide expenditure data and grant agreements to the accounting firm which compiles the information for the schedule. The procedures utilized to prepare the County's *Schedule of Expenditure of Federal Awards* (Federal Schedule) were inadequate, as the first Federal Schedule presented for audit did not include expenditures of the County's Job and Family Services programs totaling \$4,898,411. Subsequently the County adjusted the Federal Schedule to include the County Job and Family Services programs.

Corrections were made to the County's Federal Schedule in the amount of \$546,827, not including the initial omission of all the County Job & Family Services federal programs in the initial draft of the federal schedule, as follows:

- Clinton County Public Children's Service Agency Foster Care (Title IV-E) (CFDA #93.658) federal expenditures were understated by \$117,951 and Foster Care-ARRA expenditures in the amount of \$20,594 were omitted from the draft schedule.
- Clinton County Public Children's Service Agency Adoption Assistance (Title IV-E) (CFDA #93.659) federal expenditures were understated by \$456,571 on the draft schedule.
- Clinton County Department Job & Family Services Medicaid NET (CFDA #93.778) federal expenditures were overstated in the amount of \$59,727 on the draft schedule.
- Clinton County Family & Children First Family Centered Support & Services (CFDA #93.556) federal expenditures were overstated in the amount of \$517 on the draft schedule.
- Raised Pavement Markings (CFDA #20.205) federal expenditures were overstated in the amount of \$5,257 by the County Engineer on the draft schedule.
- County Emergency Management Agency Emergency Management Performance Grant (CFDA #97.042) expenditures in the amount of \$47,023 were omitted from the draft federal schedule and State Homeland Security federal expenditures were understated in the amount of \$335.
- Water Resources Development Grant (CFDA #12.XXX) federal expenditures were overstated in the amount of \$30,146 by the County Commissioners.

An incomplete and inaccurate schedule could result in the loss of federal funds or jeopardize future federal funding. We recommend the County develop a system to identify federal award expenditures and monitor its agreements for the compliance of federal programs periodically during the year to ensure that all federal funds are accurately reported on the schedule.

Officials' Response:

Regarding the County's Federal Schedule, corrections have been made to the reporting process with an additional review of the funding received so that omission from the Federal Schedule will not occur in 2010.

FINDING NUMBER 2009-002

CFDA Title and Number	17.258/17.259/17.260 Workforce Investment Act Cluster
Federal Award Number / Year	2009
Federal Agency	United States Department of Labor
Pass-Through Agency	Ohio Department of Jobs and Family Services Via Ohio Area 7 Workforce Investment Board

Noncompliance Citation/Significant Deficiency

Office of Management and Budget OMB Circular A-133, Subpart D, §.400(d)(3) states a pass-through entity shall monitor the activities of subrecipients as necessary to ensure that federal awards are used for authorized purposes in compliance with laws, regulations, and provisions of contracts or grant agreements and that performance goals are achieved. A pass-through entity is held accountable for federal awards administered by their subrecipients; therefore, a pass-through entity is required to monitor the subrecipient's use of federal awards. A pass-through entity needs to establish an appropriate subrecipient monitoring process to decide what, if any, additional monitoring procedures may be necessary to ensure the subrecipient's compliance.

During 2009, the Clinton County Department of Jobs and Family Services paid \$4,454,231 to subrecipients for the Workforce Investment Act federal program. Additionally, the Clinton County Department of Jobs and Family Services did not provide evidence documenting it adequately monitored its use of federal funds for all the Workforce Investment Act Grant's (WIA) funding streams to subrecipients. The County did not document that any reviews were performed to determine that the reported expenditures were allowed under the grant guidelines. Onsite monitoring was not completed (per written policy) for any contracts the County had with its subrecipient. One on-site monitoring report was documented for Workforce Services Unlimited, the subrecipient on January 29, 2009, however a second required on-site monitoring review was not performed according to policy. As a result of the lack of proper monitoring, the County could not ensure its subrecipient was using WIA funds for authorized purposes in compliance with the provisions of the grant. Additionally the subrecipient did not receive an A-133 audit as required.

We recommend that Clinton County Jobs and Family Services adhere to written monitoring policies and establish internal control procedures over compliance and subrecipient monitoring procedures such as: reviewing and monitoring the reports received from the subrecipient, reviewing the A-133 audit over the subrecipient and maintaining documentation to show that the subrecipient is meeting compliance requirements and the County is performing monitoring procedures. Clinton County Jobs and Family Services should review OMB Circular A-133, Subpart D, §.400(d), which lists its responsibilities as a pass-through entity.

Officials' Response:

Regarding the monitoring of federal funds at Job and Family Services, a monitoring policy is now in place to assure compliance with both State and Federal monitoring requirements.

CLINTON COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2008-001	The County did not prepare an accurate Schedule of Federal Financial Expenditures.	No	Finding No Longer Valid at the GAGAS Level
2008-002	The County did not prepare an accurate Schedule of Federal Financial Expenditures.	No	Reissued as Finding 2009-001



Mary Taylor, CPA
Auditor of State

CLINTON COUNTY FINANCIAL CONDITION

CLINTON 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 30, 2010**