



Dave Yost • Auditor of State



**GALLIA COUNTY**  
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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Gallia County  
18 Locust Street  
Gallipolis, Ohio 45631

To the Board of County Commissioners:

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of Gallia County, Ohio, as of December 31, 2010, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General, Motor Vehicle and Gas Tax, Job and Family Services, Board of Developmental Disabilities, and Community Development Block Grant Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 25, as of January 1, 2010, the County restated its governmental activities' net assets due to an overstatement in capital assets identified during the County's implementation of a new capital asset inventory system.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2011, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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



**Dave Yost**  
Auditor of State

September 15, 2011

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

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

**Financial Highlights**

Key financial highlights for 2010 are as follows:

- The assets of the County for governmental activities exceeded its liabilities at December 31, 2010, by \$29,232,708. Of this amount, \$998,630 may be used to meet the County's ongoing obligations to citizens and creditors. The assets of the County for business-type activities exceeded its liabilities at December 31, 2010 by \$6,064,740.
- The net assets of governmental activities increased \$1,141,384. The net assets of business-type activities increased \$364,542.
- For 2010, all revenues of the County totaled \$28,534,803. General revenues accounted for \$9,131,959 in revenue or 32 percent of all revenues. Program revenues in the form of charges for services and grants and contributions accounted for \$19,402,844 or 68 percent of all revenues.
- The County had \$26,594,889 in expenses related to governmental activities: \$18,614,975 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$9,121,298, of which \$7,051,707 was taxes with the remaining \$2,069,591 composed of interest, unrestricted grants and entitlements, and miscellaneous revenues were adequate to provide for these programs.
- As of December 31, 2010, the County's governmental funds reported combined fund balances of \$5,923,445, an increase of \$686,526 in comparison with the prior year.
- The General Fund's fund balance decreased by \$474,430.

**Overview of the Financial Statements**

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

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

**Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to private-sector businesses. The statement of net assets and the statement of activities provide information about activities of the County as a whole, presenting both an aggregate view of the County's finances and a longer-term view of those assets.

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The statement of net assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the County's tax base, current property tax laws in Ohio restricting revenue growth, and the condition of the County's capital assets (roads, bridges, sewer lines, etc.). These factors need to be considered when assessing the overall health of the County.

The statement of activities presents information showing how the government's net assets changed during the recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

In both of the government-wide financial statements, 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, community and economic development and assistance and general government (legislative and executive and judicial). 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 most of the cost of the services provided. The County's sewer operations are reported here.

**Component Units** - The County's financial statements include financial data for the Gallia-Meigs Regional Airport and Gallco Industries, Inc. These component units are described in the notes to the basic financial statements.

### **Fund Financial Statements**

Fund financial statements provide detailed information about the County's major funds. The County uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the County's most significant funds. The County's major governmental funds are the General Fund, Motor Vehicle and Gas Tax, Job and Family Services, Board of Developmental Disabilities, and Community Development Block Grant special revenue funds. 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 one of three categories: governmental funds, proprietary funds, and fiduciary funds.

**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 current inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.



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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, 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 governmental financial statements can be found on pages 16 through 27 of this report.

Proprietary Funds – The County maintains two different types of proprietary funds: enterprise funds and internal service 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 sewer operations. Internal services funds are an accounting device used to accumulate and allocate cost internally among the County's various functions. The County uses an internal service fund to account for its Employee Benefits Trust Fund. Because this service predominately benefits governmental rather than business-type functions, it has been included with governmental activities in the government-wide financial statements. The County's major enterprise funds are the Bidwell/Porter Sewer, KA Sewer, and MV Sewer Funds. The proprietary fund financial statements can be found on pages 28 through 30 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 County's only fiduciary funds are agency funds. The fiduciary fund financial statement can be found on page 31 of this report.

Notes to the Basic 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 33 through 69 of this report.

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**Government-Wide Financial Analysis**

You may recall that the statement of net assets provides the perspective of the County as a whole. Table 1 provides a summary of the County's net assets for 2010 compared to 2009:

Table 1  
Net Assets

|                               | Governmental Activities |                      | Business-Type Activities |                     | Total                |                      |
|-------------------------------|-------------------------|----------------------|--------------------------|---------------------|----------------------|----------------------|
|                               | 2010                    | 2009*                | 2010                     | 2009*               | 2010                 | 2009*                |
| <b>Assets</b>                 |                         |                      |                          |                     |                      |                      |
| Current and Other Assets      | \$ 14,057,843           | \$ 14,020,071        | \$ 1,942,352             | \$ 3,392,667        | \$ 16,000,195        | \$ 17,412,738        |
| Capital Assets, Net           | 23,786,078              | 22,529,780           | 8,997,077                | 5,308,003           | 32,783,155           | 27,837,783           |
| <b>Total Assets</b>           | <b>37,843,921</b>       | <b>36,549,851</b>    | <b>10,939,429</b>        | <b>8,700,670</b>    | <b>48,783,350</b>    | <b>45,250,521</b>    |
| <b>Liabilities</b>            |                         |                      |                          |                     |                      |                      |
| Current and Other Liabilities | 4,865,785               | 4,881,219            | 471,009                  | 542,711             | 5,336,794            | 5,423,930            |
| Long-Term Liabilities:        |                         |                      |                          |                     |                      |                      |
| Due within One Year           | 772,982                 | 1,060,878            | 39,204                   | 40,531              | 812,186              | 1,101,409            |
| Due in more than one year     | 2,972,446               | 2,516,430            | 4,364,476                | 2,417,230           | 7,336,922            | 4,933,660            |
| <b>Total Liabilities</b>      | <b>8,611,213</b>        | <b>8,458,527</b>     | <b>4,874,689</b>         | <b>3,000,472</b>    | <b>13,485,902</b>    | <b>11,458,999</b>    |
| <b>Net Assets</b>             |                         |                      |                          |                     |                      |                      |
| Invested in Capital Assets    |                         |                      |                          |                     |                      |                      |
| Net of Debt                   | 21,802,784              | 20,556,231           | 4,444,597                | 2,800,400           | 26,247,381           | 23,356,631           |
| Restricted                    | 6,431,294               | 6,148,442            | -                        | -                   | 6,431,294            | 6,148,442            |
| Unrestricted                  | 998,630                 | 1,386,651            | 1,620,143                | 2,899,798           | 2,618,773            | 4,286,449            |
| <b>Total Net Assets</b>       | <b>\$ 29,232,708</b>    | <b>\$ 28,091,324</b> | <b>\$ 6,064,740</b>      | <b>\$ 5,700,198</b> | <b>\$ 35,297,448</b> | <b>\$ 33,791,522</b> |

\* Amount Restated – See Note 25.

Business-Type assets increased primarily due to an increase in capital assets as a result of the construction associated with the construction of the Green Township and Mercerville Sewer systems. Governmental Activities assets increased as a result of an increase in capital assets and taxes receivable, which was partially offset by a decrease in cash and cash equivalents and intergovernmental receivable.

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$35,297,448: \$29,232,708 in governmental activities and \$6,064,740 in business-type activities at the end of the 2010 year.

The County's net assets are reflected in three categories: invested in capital assets, net of related debt, restricted and unrestricted.

The County's largest portion of net assets relates to invested in capital assets, net of related debt. This accounts for 74 percent of net assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

The County's smallest portion of total net assets is unrestricted. This accounts for 7 percent of net assets. These net assets represent resources that may be used to meet the County's ongoing obligations to its citizens and creditors.

The remaining balance of \$6,431,294 or 19 percent relates to restricted net assets. The restricted net assets are subject to external restrictions on how they may be used.

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At the end of the current fiscal year, the County was able to report positive balances in all three categories of net assets, both for the County as a whole, as well as for its separate governmental and business-type activities. The same was true for the prior year.

Table 2 shows the changes in net assets for fiscal year 2010 as compared to 2009:

Table 2  
Change In Net assets

|                                    | Governmental Activities |               | Business-Type Activities |              | Total         |               |
|------------------------------------|-------------------------|---------------|--------------------------|--------------|---------------|---------------|
|                                    | 2010                    | 2009*         | 2010                     | 2009*        | 2010          | 2009*         |
| <b>Revenues</b>                    |                         |               |                          |              |               |               |
| Program revenues:                  |                         |               |                          |              |               |               |
| Charges for services               | \$ 5,322,665            | \$ 4,189,337  | \$ 287,255               | \$ 339,003   | \$ 5,609,920  | \$ 4,528,340  |
| Operating grants and contributions | 11,666,184              | 13,495,539    | -                        | -            | 11,666,184    | 13,495,539    |
| Capital grants and contributions   | 1,626,126               | 278,545       | 500,614                  | 2,070,452    | 2,126,740     | 2,348,997     |
| Total Program Revenues             | 18,614,975              | 17,963,421    | 787,869                  | 2,409,455    | 19,402,844    | 20,372,876    |
| General revenues:                  |                         |               |                          |              |               |               |
| Property taxes                     | 2,978,940               | 3,031,190     | -                        | -            | 2,978,940     | 3,031,190     |
| Sales taxes                        | 4,072,767               | 4,025,647     | -                        | -            | 4,072,767     | 4,025,647     |
| Grants and entitlements            | 1,300,057               | 1,404,502     | -                        | -            | 1,300,057     | 1,404,502     |
| Investment earnings                | 321,253                 | 304,810       | 8,846                    | 9,348        | 330,099       | 314,158       |
| Miscellaneous                      | 448,281                 | 353,562       | 1,815                    | 37           | 450,096       | 353,599       |
| Total General revenues             | 9,121,298               | 9,119,711     | 10,661                   | 9,385        | 9,131,959     | 9,129,096     |
| Total revenues                     | 27,736,273              | 27,083,132    | 798,530                  | 2,418,840    | 28,534,803    | 29,501,972    |
| <b>Program expenses</b>            |                         |               |                          |              |               |               |
| General government:                |                         |               |                          |              |               |               |
| Legislative and executive          | 3,576,379               | 3,390,089     | -                        | -            | 3,576,379     | 3,390,089     |
| Judicial                           | 1,590,159               | 1,690,279     | -                        | -            | 1,590,159     | 1,690,279     |
| Public safety                      | 5,878,792               | 5,695,157     | -                        | -            | 5,878,792     | 5,695,157     |
| Public works                       | 5,420,893               | 4,726,449     | -                        | -            | 5,420,893     | 4,726,449     |
| Health                             | 3,053,315               | 2,862,493     | -                        | -            | 3,053,315     | 2,862,493     |
| Human services                     | 5,987,290               | 7,184,496     | -                        | -            | 5,987,290     | 7,184,496     |
| Conservation and recreation        | 222,846                 | 320,813       | -                        | -            | 222,846       | 320,813       |
| Community and economic development | 546,305                 | 514,765       | -                        | -            | 546,305       | 514,765       |
| Other                              | 222,086                 | 266,970       | -                        | -            | 222,086       | 266,970       |
| Interest and fiscal charges        | 96,824                  | 96,124        | -                        | -            | 96,824        | 96,124        |
| Intergovernmental                  | -                       | 94,743        | -                        | -            | -             | 94,743        |
| Bidwell/Porter Sewer               | -                       | -             | 304,002                  | 287,687      | 304,002       | 287,687       |
| Other Enterprise Funds             | -                       | -             | 129,934                  | 112,135      | 129,934       | 112,135       |
| MV Sewer                           | -                       | -             | 52                       | -            | 52            | -             |
| KA Sewer                           | -                       | -             | -                        | 20,294       | -             | 20,294        |
| Total expenses                     | 26,594,889              | 26,842,378    | 433,988                  | 420,116      | 27,028,877    | 27,262,494    |
| Change in net assets               | 1,141,384               | 240,754       | 364,542                  | 1,998,724    | 1,505,926     | 2,239,478     |
| Net Assets at January 1            | 28,091,324              | 27,850,570    | 5,700,198                | 3,701,474    | 33,791,522    | 31,552,044    |
| Net Assets at December 31          | \$ 29,232,708           | \$ 28,091,324 | \$ 6,064,740             | \$ 5,700,198 | \$ 35,297,448 | \$ 33,791,522 |

\* Amount Restated - See Note 25.

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*Unaudited*

As noted earlier in this discussion, governmental activities net assets increased \$1,141,384 and business-type activities increased \$364,542. Overall revenues decreased by \$967,169. Expenses decreased by \$233,617. The operating grants and contributions decreased due to a decrease in the Job and Family Services program grant funding and the CDBG program. The decrease in human services expenditures is due to decreased funding in the Job and Family Services department. Capital grants and contributions increased in the governmental activities due to amounts received for airport grants and State Issue II Paving, and business-type activities decreased due to the KA Sewer grants completed, which was partially offset by Mercerville Sewer grants that were awarded during 2010. Public Works expenses increased due to increased road and bridge maintenance and repair.

Table 3, for governmental activities, indicates the total cost of services and the net cost of services. The statement of activities reflects the cost of program services and the charges for services, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted intergovernmental revenues.

Table 3  
 Governmental Activities

|                                    | 2010                      |                         | 2009                      |                         |
|------------------------------------|---------------------------|-------------------------|---------------------------|-------------------------|
|                                    | Total Cost<br>of Services | Net Cost of<br>Services | Total Cost<br>of Services | Net Cost of<br>Services |
| <b>Program expenses</b>            |                           |                         |                           |                         |
| General government:                |                           |                         |                           |                         |
| Legislative and executive          | \$ 3,576,379              | \$ 2,143,094            | \$ 3,390,089              | \$ 1,745,662            |
| Judicial                           | 1,590,159                 | 835,114                 | 1,690,279                 | 994,935                 |
| Public safety                      | 5,878,792                 | 3,811,193               | 5,695,157                 | 4,307,798               |
| Public works                       | 5,420,893                 | (762,353)               | 4,726,449                 | (234,005)               |
| Health                             | 3,053,315                 | 1,167,956               | 2,862,493                 | 902,463                 |
| Human services                     | 5,987,290                 | 89,607                  | 7,184,496                 | 869,754                 |
| Conservation and recreation        | 222,846                   | 92,574                  | 320,813                   | 277,882                 |
| Community and economic development | 546,305                   | 324,195                 | 514,765                   | (388,263)               |
| Other                              | 222,086                   | 181,710                 | 266,970                   | 217,556                 |
| Intergovernmental                  | -                         | -                       | 94,743                    | 94,743                  |
| Interest and fiscal charges        | 96,824                    | 96,824                  | 96,124                    | 90,432                  |
| <b>Total expenses</b>              | <b>\$ 26,594,889</b>      | <b>\$ 7,979,914</b>     | <b>\$ 26,842,378</b>      | <b>\$ 8,878,957</b>     |

Of the \$26,594,889 of total governmental activities expenses, \$18,614,975 or 70 percent was covered by direct charges to users of the services and operating and capital grants. The majority of program revenues are grants, with the remaining portion consisting of fees and charges for services. These charges are for fees charged for real estate transfers, fees for the collection of property taxes throughout the County, for title fees and for court fees. Public safety charges for services include items such as fees for boarding prisoners, patrolling subdivisions, EMS, and for special details. Health includes charges for services provided to clients of the developmentally disabled board. Human services relate to services provided by human services related departments and judicial relates to Title IV-D services provided by courts and other fees collected by the courts.

Additional revenues were provided to both the governmental and business-type activities by the state and federal governments for operations and capital improvements.

**Gallia County**  
*Management's Discussion and Analysis*  
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**Financial Analysis of the County's Funds**

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

As of the end of the current year, the County's governmental funds reported combined ending fund balances of \$5,923,445. Of this total, \$5,639,075 represents unreserved fund balance, which is available for appropriation at the government's discretion within certain legal constraints and purposes restrictions. The remainder of fund balance is reserved to indicate that it is not available for new spending. While a large amount of the governmental fund balances are not reserved in the governmental fund statements, they lead to restricted net assets on the statement of net assets due to their being restricted for use for a particular purpose mandated by the source of the resources such as the state or federal government or the local tax levy.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, the fund balance of the General Fund was \$1,245,104, with a decrease of \$474,430. The decrease is attributed to an increase in transfers out, while revenues and expenditures remained consistent with the prior year.

The Motor Vehicle and Gas Tax Fund, Job and Family Services Fund, Community Development Block Grant Fund, and the Board of Developmental Disabilities Fund had fund balance increases in the amounts of \$407,740, \$427,164, \$762, and \$168,833, respectively.

Proprietary Funds – The County's major proprietary funds are the Bidwell/Porter, KA Sewer, and MV Sewer Enterprise Funds. The Bidwell/Porter Sewer Fund accounts for the providing of sewer services to the Bidwell/Porter area. For the past few fiscal years, program revenues have not been adequate to cover the costs of the operation. For 2010, the fund had a decrease in net assets of \$101,211. The KA Sewer Fund accounts for grant monies that are being utilized to construct the KA sewer system. Net assets of the KA Sewer fund increased \$50,614 due to grants received during 2010. The MV Sewer Fund accounts for grant monies that are being utilized to construct the MV sewer system. Net assets of the MV Sewer fund increased \$452,344 due to grants received during 2010. Construction of the MV Sewer system is currently in progress.

**Budgetary Highlights - General Fund**

By state statute, the Board of County Commissioners adopts the annual operating budget for the County. 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 Ohio Revised Code.

The County had several revisions to the original appropriations approved by the County Commissioners. Overall these changes resulted in an increase from the original budget of \$565,354 in the General Fund. This increase was largely due to the fact that the County advanced and transferred out more than originally budgeted.

The General Fund's budgeted revenue increased \$57,859 from the original amount during 2010. Fluctuations in growth and diversity have typically not occurred in Gallia County, allowing departmental managers the ability to consistently predict revenues. The County does not increase its estimated revenues unless there are sufficient revenues to cover the total appropriations of the General Fund.

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

**Capital Assets and Debt Administration**

**Capital Assets**

The County's investment in capital assets for its governmental and business-type activities as of December 31, 2010 amounts to \$32,783,155 (net of accumulated depreciation). This investment in capital assets includes construction in progress, land and improvements, buildings and improvements, furniture, fixtures, and equipment, vehicles, and infrastructure.

Table 4  
 Capital Assets at December 31, 2010 and 2009  
 (Net of Depreciation)

|                                   | Governmental Activities |                      | Business-Type Activities |                     | Total                |                      |
|-----------------------------------|-------------------------|----------------------|--------------------------|---------------------|----------------------|----------------------|
|                                   | 2010                    | 2009*                | 2010                     | 2009*               | 2010                 | 2009*                |
| Land                              | \$ 488,565              | \$ 488,565           | \$ -                     | \$ -                | \$ 488,565           | \$ 488,565           |
| Construction in progress          | 761,591                 | -                    | 5,011,756                | 1,166,941           | 5,773,347            | 1,166,941            |
| Land improvements                 | 49,058                  | 53,196               | -                        | -                   | 49,058               | 53,196               |
| Buildings and improvements        | 6,308,263               | 6,542,343            | 3,985,321                | 4,141,062           | 10,293,584           | 10,683,405           |
| Furniture, fixtures and equipment | 1,891,612               | 1,937,238            | -                        | -                   | 1,891,612            | 1,937,238            |
| Vehicles                          | 1,015,082               | 1,003,457            | -                        | -                   | 1,015,082            | 1,003,457            |
| Infrastructure                    | 13,271,907              | 12,504,981           | -                        | -                   | 13,271,907           | 12,504,981           |
| Total                             | <u>\$ 23,786,078</u>    | <u>\$ 22,529,780</u> | <u>\$ 8,997,077</u>      | <u>\$ 5,308,003</u> | <u>\$ 32,783,155</u> | <u>\$ 27,837,783</u> |

\* As Restated, See Note 25.

Business-Type Activities construction in progress increased due to the continued construction of the Kanauga Addison (KA) Sewer project and the beginning of the Green Township and Mercerville Sewer projects. For more information regarding the County's capital assets, see Note 7 of the notes to the basic financial statements.

**Debt**

At December 31, 2010, the County had total long-term debt obligations outstanding of \$6,649,871. Of this total, \$206,684 is due within one year and \$6,443,187 is due in more than one year. Table 5 below summarizes the bonds and loans outstanding:

Table 5  
 Outstanding Debt, at Fiscal Year End

|                          | Governmental Activities |                     | Business-Type Activities |                     | Total               |                     |
|--------------------------|-------------------------|---------------------|--------------------------|---------------------|---------------------|---------------------|
|                          | 2010                    | 2009                | 2010                     | 2009                | 2010                | 2009                |
| General obligation bonds | \$ 1,960,662            | \$ 1,507,072        | \$ 1,721,800             | \$ 1,748,900        | \$ 3,682,462        | \$ 3,255,972        |
| Loans payable            | 295,767                 | 459,954             | 2,671,642                | 695,588             | 2,967,409           | 1,155,542           |
| Total                    | <u>\$ 2,256,429</u>     | <u>\$ 1,967,026</u> | <u>\$ 4,393,442</u>      | <u>\$ 2,444,488</u> | <u>\$ 6,649,871</u> | <u>\$ 4,411,514</u> |

See Note 9 to the basic financial statements for detail on the County's long-term debt obligations.

At December 31, 2010, the County had outstanding capital leases for \$1,865, with the entire amount due within one year reported in governmental activities.

At December 31, 2010, the County's overall legal debt margin was \$13,704,865 with an unvoted debt margin of \$6,963,037.

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

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**Economic Factors**

The County's budget for the General Fund in 2011 is conservative. Much of the reason for the conservative budget centers on the slow down in economic growth and uncertainty of the future economic climate. The County continues to have an unemployment rate that is in line with the state rate and slightly higher than the federal rate. However, all of these rates have increased since 1999. A decline is expected to occur in sales tax revenue, since it is the most volatile and subject to decline if the economic slow down continues. The state legislature has reduced the amounts for state based programs including local government and state funded grant programs which may require more local support in order to maintain the current level of service. The County's business-type activities are expected to increase with the completion of the Kanauga Addison (KA) Sewer project and Mercerville Sewer project in 2011. Also, the County is in the construction stage of the Green Township Sewer project.

**Contacting the County's Financial Management**

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, request for additional financial information or about obtaining the separately issued financial statements of the County's component units should be addressed to Larry M. Betz, Gallia County Auditor, Gallia County Courthouse, 18 Locust Street, Gallipolis, Ohio 45631.

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**Gallia County**  
*Statement of Net Assets*  
December 31, 2010

|   | Primary Government         |                             |                      | Component Units                  |                           |
|---|----------------------------|-----------------------------|----------------------|----------------------------------|---------------------------|
|   | Governmental<br>Activities | Business-Type<br>Activities | Total                | Gallia-Meigs<br>Regional Airport | Galco<br>Industries, Inc. |
| <b>Assets:</b>                                  |                            |                             |                      |                                  |                           |
| Equity in pooled cash and cash equivalents      | \$ 4,968,944               | \$ 393,570                  | \$ 5,362,514         | \$ 31,944                        | \$ -                      |
| Cash and cash equivalents:                      |                            |                             |                      |                                  | 149,082                   |
| In segregated accounts                          | 78,544                     | -                           | 78,544               | -                                | -                         |
| Cash and cash equivalents:                      |                            |                             |                      |                                  |                           |
| With fiscal agents                              | 114,580                    | -                           | 114,580              | -                                | -                         |
| Investments with fiscal agents                  | 119,059                    | -                           | 119,059              | -                                | -                         |
| Materials and supplies inventory                | 82,038                     | -                           | 82,038               | 17,431                           | 10,895                    |
| Receivables:                                    |                            |                             |                      |                                  |                           |
| Property taxes                                  | 3,275,991                  | -                           | 3,275,991            | -                                | -                         |
| Sales taxes                                     | 634,047                    | -                           | 634,047              | -                                | -                         |
| Accounts  | 234,628                    | 105,610                     | 340,238              | 272                              | 3,349                     |
| Intergovernmental                               | 4,316,953                  | 1,524,665                   | 5,841,618            | -                                | -                         |
| Accrued interest                                | 44,160                     | -                           | 44,160               | -                                | -                         |
| Loan  | 47,222                     | -                           | 47,222               | -                                | -                         |
| Prepaid items                                   | 60,184                     | -                           | 60,184               | -                                | 20                        |
| Internal balances                               | 81,493                     | (81,493)                    | -                    | -                                | -                         |
| Capital assets:                                 |                            |                             |                      |                                  |                           |
| Nondepreciable capital assets                   | 1,250,156                  | 5,011,756                   | 6,261,912            | -                                | -                         |
| Depreciable capital assets, net                 | 22,535,922                 | 3,985,321                   | 26,521,243           | 1,308,199                        | 119,466                   |
| <b>Total assets</b>                             | <b>37,843,921</b>          | <b>10,939,429</b>           | <b>48,783,350</b>    | <b>1,357,846</b>                 | <b>282,812</b>            |
| <b>Liabilities:</b>                             |                            |                             |                      |                                  |                           |
| Accounts payable                                | 504,569                    | 3,974                       | 508,543              | -                                | 320                       |
| Contracts payable                               | 507,914                    | 240,852                     | 748,766              | -                                | -                         |
| Intergovernmental payable                       | 559,073                    | 2,188                       | 561,261              | -                                | 194                       |
| Retainage payable                               | -                          | 159,038                     | 159,038              | -                                | -                         |
| Accrued wages and benefits                      | 79,217                     | -                           | 79,217               | -                                | -                         |
| Matured compensated absences payable            | 28,143                     | -                           | 28,143               | -                                | -                         |
| Unearned revenue                                | 3,162,582                  | -                           | 3,162,582            | -                                | -                         |
| Accrued interest payable                        | -                          | 64,957                      | 64,957               | -                                | -                         |
| Deposits held and due to others                 | 24,287                     | -                           | 24,287               | -                                | -                         |
| Deferred proceed of loan                        | -                          | -                           | -                    | -                                | -                         |
| Long-term liabilities:                          |                            |                             |                      |                                  |                           |
| Due within one year                             | 772,982                    | 39,204                      | 812,186              | -                                | -                         |
| Due in more than one year                       | 2,972,446                  | 4,364,476                   | 7,336,922            | -                                | -                         |
| <b>Total liabilities</b>                        | <b>8,611,213</b>           | <b>4,874,689</b>            | <b>13,485,902</b>    | <b>-</b>                         | <b>514</b>                |
| <b>Net assets:</b>                              |                            |                             |                      |                                  |                           |
| Invested in capital assets, net of related debt | 21,802,784                 | 4,444,597                   | 26,247,381           | 1,308,199                        | 119,466                   |
| Restricted for:                                 |                            |                             |                      |                                  |                           |
| Roads and bridges                               | 2,774,072                  | -                           | 2,774,072            | -                                | -                         |
| Capital projects                                | 60,138                     | -                           | 60,138               | -                                | -                         |
| Debt service                                    | 4,200                      | -                           | 4,200                | -                                | -                         |
| Human services                                  | 95,139                     | -                           | 95,139               | -                                | -                         |
| Community development projects                  | 530,244                    | -                           | 530,244              | -                                | -                         |
| Judicial  | 205,134                    | -                           | 205,134              | -                                | -                         |
| Public Safety                                   | 377,489                    | -                           | 377,489              | -                                | -                         |
| Other purposes                                  | 526,402                    | -                           | 526,402              | -                                | -                         |
| 911   | 334,167                    | -                           | 334,167              | -                                | -                         |
| Real estate assessment                          | 441,945                    | -                           | 441,945              | -                                | -                         |
| Ohio youth commission                           | 260,056                    | -                           | 260,056              | -                                | -                         |
| Health  | 822,308                    | -                           | 822,308              | -                                | -                         |
| Unrestricted                                    | 998,630                    | 1,620,143                   | 2,618,773            | 49,647                           | 162,832                   |
| <b>Total net assets</b>                         | <b>\$ 29,232,708</b>       | <b>\$ 6,064,740</b>         | <b>\$ 35,297,448</b> | <b>\$ 1,357,846</b>              | <b>\$ 282,298</b>         |

See accompanying notes to the basic financial statements.

**Gallia County**  
*Statement of Activities*  
For the Year Ended December 31, 2010

|                                    | Program Revenues     |                         |                                       |                                     |
|------------------------------------|----------------------|-------------------------|---------------------------------------|-------------------------------------|
|                                    | Expenses             | Charges<br>for Services | Operating Grants<br>and Contributions | Capital Grants<br>and Contributions |
| <b>Governmental Activities:</b>    |                      |                         |                                       |                                     |
| General government:                |                      |                         |                                       |                                     |
| Legislative and executive          | \$ 3,576,379         | \$ 1,376,129            | \$ 57,156                             | \$ -                                |
| Judicial                           | 1,590,159            | 708,070                 | 46,975                                | -                                   |
| Public safety                      | 5,878,792            | 1,406,775               | 660,824                               | -                                   |
| Public works                       | 5,420,893            | 604,029                 | 4,050,866                             | 1,528,351                           |
| Health                             | 3,053,315            | 609,939                 | 1,275,420                             | -                                   |
| Human services                     | 5,987,290            | 544,850                 | 5,352,833                             | -                                   |
| Conservation and recreation        | 222,846              | 32,497                  | -                                     | 97,775                              |
| Community and economic development | 546,305              | -                       | 222,110                               | -                                   |
| Other                              | 222,086              | 40,376                  | -                                     | -                                   |
| Interest and fiscal charges        | 96,824               | -                       | -                                     | -                                   |
| Total governmental activities      | <u>26,594,889</u>    | <u>5,322,665</u>        | <u>11,666,184</u>                     | <u>1,626,126</u>                    |
| <b>Business-Type Activities:</b>   |                      |                         |                                       |                                     |
| KA Sewer                           | -                    | -                       | -                                     | 50,614                              |
| Bidwell/Porter Sewer               | 304,002              | 193,917                 | -                                     | -                                   |
| MV Sewer                           | 52                   | 650                     | -                                     | 450,000                             |
| Other Enterprise Funds             | 129,934              | 92,688                  | -                                     | -                                   |
| Total business-type activities     | <u>433,988</u>       | <u>287,255</u>          | <u>-</u>                              | <u>500,614</u>                      |
| Total primary government           | <u>\$ 27,028,877</u> | <u>\$ 5,609,920</u>     | <u>\$ 11,666,184</u>                  | <u>\$ 2,126,740</u>                 |
| <b>Component Units:</b>            |                      |                         |                                       |                                     |
| Gallia-Meigs Regional Airport      | \$ 221,406           | \$ 89,291               | \$ 20,000                             | \$ 275,000                          |
| Galleo Industries, Inc.            | 151,397              | 46,679                  | 87,138                                | -                                   |
| Total component units              | <u>\$ 372,803</u>    | <u>\$ 135,970</u>       | <u>\$ 107,138</u>                     | <u>\$ 275,000</u>                   |

**General Revenues:**

Property taxes levied for:

General purposes

Board of developmental disabilities

Sales taxes levied for:

General purposes

Public safety

Grants and entitlements not restricted to specific programs

Investment earnings

Miscellaneous

Total general revenues

Change in net assets

Net assets at beginning of year - As restated, see Note 25

Net assets 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<br>Activities | Business-Type<br>Activities | Total                | Gallia-Meigs<br>Regional Airport | Galco<br>Industries, Inc. |          |
| \$ (2,143,094)             | \$ -                        | \$ (2,143,094)       | \$ -                             | \$ -                      | -        |
| (835,114)                  | -                           | (835,114)            | -                                | -                         | -        |
| (3,811,193)                | -                           | (3,811,193)          | -                                | -                         | -        |
| 762,353                    | -                           | 762,353              | -                                | -                         | -        |
| (1,167,956)                | -                           | (1,167,956)          | -                                | -                         | -        |
| (89,607)                   | -                           | (89,607)             | -                                | -                         | -        |
| (92,574)                   | -                           | (92,574)             | -                                | -                         | -        |
| (324,195)                  | -                           | (324,195)            | -                                | -                         | -        |
| (181,710)                  | -                           | (181,710)            | -                                | -                         | -        |
| (96,824)                   | -                           | (96,824)             | -                                | -                         | -        |
| <u>(7,979,914)</u>         | <u>-</u>                    | <u>(7,979,914)</u>   | <u>-</u>                         | <u>-</u>                  | <u>-</u> |
| -                          | 50,614                      | 50,614               | -                                | -                         | -        |
| -                          | (110,085)                   | (110,085)            | -                                | -                         | -        |
| -                          | 450,598                     | 450,598              | -                                | -                         | -        |
| -                          | (37,246)                    | (37,246)             | -                                | -                         | -        |
| <u>-</u>                   | <u>353,881</u>              | <u>353,881</u>       | <u>-</u>                         | <u>-</u>                  | <u>-</u> |
| <u>(7,979,914)</u>         | <u>353,881</u>              | <u>(7,626,033)</u>   | <u>-</u>                         | <u>-</u>                  | <u>-</u> |
| -                          | -                           | -                    | 162,885                          | -                         | -        |
| -                          | -                           | -                    | -                                | (17,580)                  | -        |
| -                          | -                           | -                    | 162,885                          | (17,580)                  | -        |
| 2,039,614                  | -                           | 2,039,614            | -                                | -                         | -        |
| 939,326                    | -                           | 939,326              | -                                | -                         | -        |
| 3,258,247                  | -                           | 3,258,247            | -                                | -                         | -        |
| 814,520                    | -                           | 814,520              | -                                | -                         | -        |
| 1,300,057                  | -                           | 1,300,057            | -                                | -                         | -        |
| 321,253                    | 8,846                       | 330,099              | -                                | 589                       | -        |
| 448,281                    | 1,815                       | 450,096              | -                                | -                         | -        |
| <u>9,121,298</u>           | <u>10,661</u>               | <u>9,131,959</u>     | <u>-</u>                         | <u>589</u>                | <u>-</u> |
| 1,141,384                  | 364,542                     | 1,505,926            | 162,885                          | (16,991)                  | -        |
| 28,091,324                 | 5,700,198                   | 33,791,522           | 1,194,961                        | 299,289                   | -        |
| <u>\$ 29,232,708</u>       | <u>\$ 6,064,740</u>         | <u>\$ 35,297,448</u> | <u>\$ 1,357,846</u>              | <u>\$ 282,298</u>         | <u>-</u> |

**Gallia County**  
*Balance Sheet*  
*Governmental Funds*  
*December 31, 2010*

|   | General             | Motor Vehicle<br>and Gas Tax | Job<br>and Family<br>Services |
|---|---------------------|------------------------------|-------------------------------|
| <b>Assets:</b>                                |                     |                              |                               |
| Equity in pooled cash and cash equivalents    | \$ 657,760          | \$ 1,554,495                 | \$ 36,767                     |
| Cash and cash equivalents:                    |                     |                              |                               |
| In segregated accounts                        | -                   | -                            | -                             |
| Cash and cash equivalents:                    |                     |                              |                               |
| With fiscal agents                            | -                   | -                            | -                             |
| Investments with fiscal agents                | -                   | -                            | -                             |
| Materials and supplies inventory              | -                   | 82,038                       | -                             |
| Receivables:                                  |                     |                              |                               |
| Property taxes                                | 2,141,994           | -                            | -                             |
| Sales taxes                                   | 507,238             | -                            | -                             |
| Accounts                                      | 47,335              | 3,779                        | -                             |
| Intergovernmental                             | 378,465             | 1,773,342                    | 220,726                       |
| Interfund                                     | 170,076             | -                            | 1,301                         |
| Accrued interest                              | 44,160              | -                            | -                             |
| Loan  | -                   | -                            | -                             |
| Prepaid items                                 | 60,184              | -                            | -                             |
| Total assets                                  | <u>\$ 4,007,212</u> | <u>\$ 3,413,654</u>          | <u>\$ 258,794</u>             |
| <b>Liabilities:</b>                           |                     |                              |                               |
| Accounts payable                              | \$ 146,049          | \$ 126,125                   | \$ 84,401                     |
| Contracts payable                             | -                   | 232,857                      | -                             |
| Accrued wages and benefits                    | 27,662              | 25,263                       | -                             |
| Intergovernmental payable                     | 156,744             | 48,249                       | 104,006                       |
| Matured compensated absences payable          | -                   | -                            | -                             |
| Interfund payable                             | -                   | -                            | -                             |
| Deferred revenue                              | 2,407,366           | 1,163,630                    | -                             |
| Deposits held and due to others               | 24,287              | -                            | -                             |
| Total liabilities                             | <u>2,762,108</u>    | <u>1,596,124</u>             | <u>188,407</u>                |
| <b>Fund Balances:</b>                         |                     |                              |                               |
| Reserved for encumbrances                     | 37,094              | -                            | -                             |
| Reserved for materials and supplies inventory | -                   | 82,038                       | -                             |
| Reserved for loans                            | -                   | -                            | -                             |
| Reserved for unclaimed monies                 | 24,287              | -                            | -                             |
| Unreserved:                                   |                     |                              |                               |
| Undesignated, reported in:                    |                     |                              |                               |
| General fund                                  | 1,183,723           | -                            | -                             |
| Special revenue funds                         | -                   | 1,735,492                    | 70,387                        |
| Debt service fund                             | -                   | -                            | -                             |
| Capital projects funds                        | -                   | -                            | -                             |
| Total fund balances                           | <u>1,245,104</u>    | <u>1,817,530</u>             | <u>70,387</u>                 |
| Total liabilities and fund balances           | <u>\$ 4,007,212</u> | <u>\$ 3,413,654</u>          | <u>\$ 258,794</u>             |

See accompanying notes to the basic financial statements.

| Board of<br>Developmental<br>Disabilities | Community<br>Development<br>Block Grant | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|---|--------------------------------|--------------------------------|
| \$ 60,387                                 | \$ 3,456                                | \$ 2,357,579                   | \$ 4,670,444                   |
| 947                                       | -                                       | 77,597                         | 78,544                         |
| 114,580                                   | -                                       | -                              | 114,580                        |
| 119,059                                   | -                                       | -                              | 119,059                        |
| -   | -                                       | -                              | 82,038                         |
| 1,133,997                                 | -                                       | -                              | 3,275,991                      |
| -   | -                                       | 126,809                        | 634,047                        |
| -   | -                                       | 183,514                        | 234,628                        |
| 619,159                                   | 411,014                                 | 914,247                        | 4,316,953                      |
| -   | -                                       | -                              | 171,377                        |
| -   | -                                       | -                              | 44,160                         |
| -   | -                                       | 47,222                         | 47,222                         |
| -   | -                                       | -                              | 60,184                         |
| <u>\$ 2,048,129</u>                       | <u>\$ 414,470</u>                       | <u>\$ 3,706,968</u>            | <u>\$ 13,849,227</u>           |
| \$ 26,247                                 | \$ 10,222                               | \$ 111,525                     | \$ 504,569                     |
| -   | 2,104                                   | 272,953                        | 507,914                        |
| -   | -                                       | 26,292                         | 79,217                         |
| 60,426                                    | -                                       | 189,648                        | 559,073                        |
| 6,061                                     | -                                       | 22,082                         | 28,143                         |
| 37,500                                    | -                                       | 52,384                         | 89,884                         |
| 1,499,934                                 | 411,014                                 | 650,751                        | 6,132,695                      |
| -   | -                                       | -                              | 24,287                         |
| <u>1,630,168</u>                          | <u>423,340</u>                          | <u>1,325,635</u>               | <u>7,925,782</u>               |
| 400                                       | -                                       | 93,329                         | 130,823                        |
| -   | -                                       | -                              | 82,038                         |
| -   | -                                       | 47,222                         | 47,222                         |
| -   | -                                       | -                              | 24,287                         |
| -   | -                                       | -                              | 1,183,723                      |
| 417,561                                   | (8,870)                                 | 2,176,444                      | 4,391,014                      |
| -   | -                                       | 4,200                          | 4,200                          |
| -   | -                                       | 60,138                         | 60,138                         |
| <u>417,961</u>                            | <u>(8,870)</u>                          | <u>2,381,333</u>               | <u>5,923,445</u>               |
| <u>\$ 2,048,129</u>                       | <u>\$ 414,470</u>                       | <u>\$ 3,706,968</u>            | <u>\$ 13,849,227</u>           |

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**Gallia County**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities  
 December 31, 2010*

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|  |             |           |                   |
|--|-------------|-----------|-------------------|
| <b>Total governmental fund balances</b>  |             | \$        | 5,923,445         |
| <i>Amounts reported for governmental activities in 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.  |             |           | 23,786,078        |
| Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.   |             |           |                   |
| Property taxes   | 301,251     |           |                   |
| Charges for services   | 405,710     |           |                   |
| Intergovernmental  | 2,263,152   |           |                   |
| Total  | 2,970,113   |           | 2,970,113         |
| An internal service fund is used by management to charge the cost of insurance to individuals. The assets of the internal service fund are included in governmental activities in the statement of net assets. |             |           | 298,500           |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:   |             |           |                   |
| General obligation bonds and loans   | (2,256,429) |           |                   |
| Compensated absences   | (1,487,134) |           |                   |
| Capital leases payable   | (1,865)     |           |                   |
| Total  | (3,745,428) |           | (3,745,428)       |
| <b>Net assets of governmental activities</b>   |             | <b>\$</b> | <b>29,232,708</b> |

See accompanying notes to the basic financial statements.

**Gallia County**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
 Governmental Funds  
 For the Year Ended December 31, 2010

|  | General             | Motor Vehicle<br>and Gas Tax | Job<br>and Family<br>Services |
|--|---------------------|------------------------------|-------------------------------|
| <b>Revenues:</b>                             |                     |                              |                               |
| Property taxes                               | \$ 1,981,970        | \$ -                         | \$ -                          |
| Sales taxes                                  | 3,258,247           | -                            | -                             |
| Charges for services                         | 1,359,497           | 541,697                      | 223,255                       |
| Licenses and permits                         | 2,677               | -                            | -                             |
| Fines and forfeitures                        | 9,532               | 17,618                       | -                             |
| Intergovernmental                            | 1,340,037           | 5,010,206                    | 4,132,142                     |
| Interest                                     | 273,579             | 32,630                       | -                             |
| Contributions and donations                  | 530                 | -                            | -                             |
| Other  | 136,509             | 58,134                       | 1,968                         |
| Total revenues                               | <u>8,362,578</u>    | <u>5,660,285</u>             | <u>4,357,365</u>              |
| <b>Expenditures:</b>                         |                     |                              |                               |
| Current:                                     |                     |                              |                               |
| General government:                          |                     |                              |                               |
| Legislative and executive                    | 2,518,018           | -                            | -                             |
| Judicial                                     | 1,166,640           | -                            | -                             |
| Public safety                                | 2,754,170           | -                            | -                             |
| Public works                                 | 280,932             | 4,432,021                    | -                             |
| Health                                       | 124,277             | -                            | -                             |
| Human services                               | 301,343             | -                            | 4,039,711                     |
| Conservation and recreation                  | 178,749             | -                            | -                             |
| Community and economic development           | -                   | -                            | -                             |
| Other  | 222,086             | -                            | -                             |
| Capital outlay                               | 103,948             | 818,000                      | 76,312                        |
| Debt service:                                |                     |                              |                               |
| Principal retirement                         | -                   | 2,318                        | 73,441                        |
| Interest and fiscal charges                  | -                   | 206                          | 587                           |
| Total expenditures                           | <u>7,650,163</u>    | <u>5,252,545</u>             | <u>4,190,051</u>              |
| Excess of revenues over (under) expenditures | <u>712,415</u>      | <u>407,740</u>               | <u>167,314</u>                |
| <b>Other financing sources (uses):</b>       |                     |                              |                               |
| Proceeds from sale of bonds                  | -                   | -                            | -                             |
| Transfers in                                 | -                   | -                            | 259,850                       |
| Transfers out                                | (1,186,845)         | -                            | -                             |
| Total other financing sources (uses)         | <u>(1,186,845)</u>  | <u>-</u>                     | <u>259,850</u>                |
| Net change in fund balances                  | (474,430)           | 407,740                      | 427,164                       |
| Fund balances at beginning of year           | 1,719,534           | 1,409,790                    | (356,777)                     |
| Fund balances at end of year                 | <u>\$ 1,245,104</u> | <u>\$ 1,817,530</u>          | <u>\$ 70,387</u>              |

See accompanying notes to the basic financial statements.



| Board of<br>Developmental<br>Disabilities | Community<br>Development<br>Block Grant | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|---|--------------------------------|--------------------------------|
| \$ 921,695                                | \$ -                                    | \$ -                           | \$ 2,903,665                   |
| -   | -                                       | 814,520                        | 4,072,767                      |
| 499,309                                   | -                                       | 2,516,294                      | 5,140,052                      |
| -   | -                                       | 1,594                          | 4,271                          |
| -   | -                                       | 173                            | 27,323                         |
| 1,439,114                                 | 534,671                                 | 2,780,443                      | 15,236,613                     |
| 13,365                                    | -                                       | 1,679                          | 321,253                        |
| 5,850                                     | -                                       | 4,432                          | 10,812                         |
| 2,432                                     | -                                       | 249,238                        | 448,281                        |
| <u>2,881,765</u>                          | <u>534,671</u>                          | <u>6,368,373</u>               | <u>28,165,037</u>              |
| -   | -                                       | 901,853                        | 3,419,871                      |
| -   | -                                       | 478,067                        | 1,644,707                      |
| -   | -                                       | 3,026,958                      | 5,781,128                      |
| -   | -                                       | 329,882                        | 5,042,835                      |
| 2,615,128                                 | -                                       | 111,256                        | 2,850,661                      |
| -   | -                                       | 1,538,421                      | 5,879,475                      |
| -   | -                                       | 44,097                         | 222,846                        |
| -   | 531,805                                 | 14,500                         | 546,305                        |
| -   | -                                       | -                              | 222,086                        |
| 4,079                                     | 2,104                                   | 1,052,075                      | 2,056,518                      |
| 2,340                                     | -                                       | 162,414                        | 240,513                        |
| 172                                       | -                                       | 95,859                         | 96,824                         |
| <u>2,621,719</u>                          | <u>533,909</u>                          | <u>7,755,382</u>               | <u>28,003,769</u>              |
| <u>260,046</u>                            | <u>762</u>                              | <u>(1,387,009)</u>             | <u>161,268</u>                 |
| -   | -                                       | 525,258                        | 525,258                        |
| -   | -                                       | 1,018,208                      | 1,278,058                      |
| (91,213)                                  | -                                       | -                              | (1,278,058)                    |
| <u>(91,213)</u>                           | <u>-</u>                                | <u>1,543,466</u>               | <u>525,258</u>                 |
| 168,833                                   | 762                                     | 156,457                        | 686,526                        |
| 249,128                                   | (9,632)                                 | 2,224,876                      | 5,236,919                      |
| <u>\$ 417,961</u>                         | <u>\$ (8,870)</u>                       | <u>\$ 2,381,333</u>            | <u>\$ 5,923,445</u>            |

**Gallia County**  
*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, 2010*

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**Net change in fund balances - total governmental funds** \$ 686,526

*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 capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

|   |             |           |
|---|-------------|-----------|
| Capital asset additions                               | 3,106,908   |           |
| Depreciation expense                                  | (1,796,732) |           |
|   |             |           |
| Excess of capital additions over depreciation expense |             | 1,310,176 |

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. (53,878)

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

|                      |           |           |
|----------------------|-----------|-----------|
| Property taxes       | 75,275    |           |
| Charges for services | 151,019   |           |
| Intergovernmental    | (655,058) |           |
|                      |           |           |
| Total                |           | (428,764) |

Repayment of bond and loan principal and capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 240,513

Proceeds of bonds and loans provide current financial resources and are reported as a financing source in the governmental funds, but are not reported as such in the statement of activities. (525,258)

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. 116,625

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 (expense) of the internal service fund is allocated among the governmental activities. (204,556)

**Change in net assets of governmental activities** **\$ 1,141,384**

See accompanying notes to the basic financial statements.

**Gallia County**  
*Statement of Revenues, Expenditures and Changes in Fund Balance -*  
*Budget and Actual (Non-GAAP Basis)*  
*General Fund*  
*For the Year Ended December 31, 2010*

|  | Original<br>Budget  | Final<br>Budget    | Actual             | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|---------------------|--------------------|--------------------|---|
| <b>Revenues:</b>                             |                     |                    |                    |   |
| Property taxes                               | \$ 1,845,989        | \$ 1,981,970       | \$ 1,981,970       | \$ -  |
| Sales taxes                                  | 3,200,000           | 3,297,267          | 3,297,267          | -   |
| Charges for services                         | 1,683,315           | 1,363,352          | 1,363,352          | -   |
| Licenses and permits                         | 2,910               | 2,677              | 2,677              | -   |
| Fines and forfeitures                        | 850                 | 55                 | 55                 | -   |
| Intergovernmental                            | 1,239,314           | 1,313,370          | 1,313,370          | -   |
| Interest                                     | 310,750             | 272,363            | 272,363            | -   |
| Contributions and Donations                  | 350                 | 530                | 530                | -   |
| Other  | 70,920              | 151,752            | 151,752            | -   |
| Total revenues                               | <u>8,354,398</u>    | <u>8,383,336</u>   | <u>8,383,336</u>   | <u>-</u>  |
| <b>Expenditures:</b>                         |                     |                    |                    |   |
| Current:                                     |                     |                    |                    |   |
| General government:                          |                     |                    |                    |   |
| Legislative and executive                    | 2,616,183           | 2,610,423          | 2,591,450          | 18,973  |
| Judicial                                     | 1,080,462           | 1,117,514          | 1,117,317          | 197   |
| Public safety                                | 2,872,605           | 2,850,814          | 2,843,734          | 7,080   |
| Public works                                 | 300,962             | 300,316            | 300,316            | -   |
| Health                                       | 146,485             | 124,035            | 124,035            | -   |
| Human services                               | 314,749             | 309,444            | 309,267            | 177   |
| Conservation and recreation                  | 178,500             | 178,749            | 178,749            | -   |
| Other  | 227,000             | 222,606            | 222,606            | -   |
| Capital outlay                               | 25,000              | 104,013            | 104,012            | 1   |
| Total expenditures                           | <u>7,761,946</u>    | <u>7,817,914</u>   | <u>7,791,486</u>   | <u>26,428</u>   |
| Excess of revenues over (under) expenditures | <u>592,452</u>      | <u>565,422</u>     | <u>591,850</u>     | <u>26,428</u>   |
| <b>Other financing sources (uses):</b>       |                     |                    |                    |   |
| Advances - in                                | 32,000              | 65,921             | 65,921             | -   |
| Advances - out                               | -                   | (54,452)           | (70,701)           | (16,249)  |
| Transfers - in                               | 5,000               | -                  | -                  | -   |
| Transfers - out                              | (731,911)           | (1,186,845)        | (1,186,845)        | -   |
| Total other financing sources (uses)         | <u>(694,911)</u>    | <u>(1,175,376)</u> | <u>(1,191,625)</u> | <u>(16,249)</u>   |
| Net change in fund balance                   | (102,459)           | (609,954)          | (599,775)          | 10,179  |
| Fund balance at beginning of year            | 1,076,378           | 1,076,378          | 1,076,378          | -   |
| Prior year encumbrances appropriated         | 99,478              | 99,478             | 99,478             | -   |
| Fund balance at end of year                  | <u>\$ 1,073,397</u> | <u>\$ 565,902</u>  | <u>\$ 576,081</u>  | <u>\$ 10,179</u>  |

See accompanying notes to the basic financial statements.

**Gallia County**  
*Statement of Revenues, Expenditures and Changes in Fund Balance -  
 Budget and Actual (Non-GAAP Basis)  
 Motor Vehicle and Gas Tax Fund  
 For the Year Ended December 31, 2010*

|                                      | Original<br>Budget | Final<br>Budget     | Actual              | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--------------------------------------|--------------------|---------------------|---------------------|---|
| <b>Revenues:</b>                     |                    |                     |                     |   |
| Charges for services                 | \$ 248,871         | \$ 537,918          | \$ 537,918          | \$ -  |
| Fines and forfeitures                | 15,229             | 17,618              | 17,618              | -   |
| Intergovernmental                    | 4,175,165          | 5,354,388           | 5,354,388           | -   |
| Interest                             | 28,205             | 32,630              | 32,630              | -   |
| Other                                | 32,530             | 58,134              | 58,134              | -   |
| Total revenues                       | <u>4,500,000</u>   | <u>6,000,688</u>    | <u>6,000,688</u>    | <u>-</u>  |
| <b>Expenditures:</b>                 |                    |                     |                     |   |
| Current:                             |                    |                     |                     |   |
| Public works                         | 4,430,179          | 4,466,515           | 4,544,936           | (78,421)  |
| Capital outlay                       | 403,967            | 1,202,384           | 1,449,348           | (246,964)   |
| Total expenditures                   | <u>4,834,146</u>   | <u>5,668,899</u>    | <u>5,994,284</u>    | <u>(325,385)</u>  |
| Net change in fund balance           | (334,146)          | 331,789             | 6,404               | (325,385)   |
| Fund balance at beginning of year    | 897,732            | 897,732             | 897,732             | -   |
| Prior year encumbrances appropriated | 319,302            | 319,302             | 319,302             | -   |
| Fund balance at end of year          | <u>\$ 882,888</u>  | <u>\$ 1,548,823</u> | <u>\$ 1,223,438</u> | <u>\$ (325,385)</u>                                     |

See accompanying notes to the basic financial statements.

**Gallia County**  
*Statement of Revenues, Expenditures and Changes in Fund Balance -  
 Budget and Actual (Non-GAAP Basis)  
 Job and Family Services Fund  
 For the Year Ended December 31, 2010*

|  | Original<br>Budget | Final<br>Budget  | Actual           | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|--------------------|------------------|------------------|---|
| <b>Revenues:</b>                             |                    |                  |                  |   |
| Charges for services                         | \$ 294,659         | \$ 277,013       | \$ 277,013       | \$ -  |
| Intergovernmental                            | 4,903,156          | 3,649,618        | 3,649,618        | -   |
| Other  | 2,569              | 1,968            | 1,968            | -   |
| Total revenues                               | <u>5,200,384</u>   | <u>3,928,599</u> | <u>3,928,599</u> | <u>-</u>  |
| <b>Expenditures:</b>                         |                    |                  |                  |   |
| Current:                                     |                    |                  |                  |   |
| Human services                               | 5,202,177          | 4,128,191        | 4,128,191        | -   |
| Capital Outlay                               | 95,072             | 76,312           | 76,312           | -   |
| Debt Service:                                |                    |                  |                  |   |
| Principal                                    | 73,441             | 73,441           | 73,441           | -   |
| Interest and fiscal charges                  | 587                | 587              | 587              | -   |
| Total expenditures                           | <u>5,371,277</u>   | <u>4,278,531</u> | <u>4,278,531</u> | <u>-</u>  |
| Excess of revenues over (under) expenditures | <u>(170,893)</u>   | <u>(349,932)</u> | <u>(349,932)</u> | <u>-</u>  |
| <b>Other financing sources (uses):</b>       |                    |                  |                  |   |
| Transfers - in                               | 259,850            | 259,850          | 259,850          | -   |
| Advances - out                               | <u>(40,282)</u>    | <u>(40,282)</u>  | <u>(40,282)</u>  | <u>-</u>  |
| Total other financing sources (uses)         | <u>219,568</u>     | <u>219,568</u>   | <u>219,568</u>   | <u>-</u>  |
| Net change in fund balance                   | 48,675             | (130,364)        | (130,364)        | -   |
| Fund balance at beginning of year            | <u>167,131</u>     | <u>167,131</u>   | <u>167,131</u>   | <u>-</u>  |
| Fund balance at end of year                  | <u>\$ 215,806</u>  | <u>\$ 36,767</u> | <u>\$ 36,767</u> | <u>\$ -</u>   |

See accompanying notes to the basic financial statements.

**Gallia County**  
*Statement of Revenues, Expenditures and Changes in Fund Balance -  
 Budget and Actual (Non-GAAP Basis)  
 Board of Developmental Disabilities Fund  
 For the Year Ended December 31, 2010*

|   | Original<br>Budget | Final<br>Budget  | Actual           | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|--------------------|------------------|------------------|---|
| <b>Revenues:</b>                              |                    |                  |                  |   |
| Property taxes                                | \$ 842,492         | \$ 921,695       | \$ 921,695       | \$ -  |
| Charges for services                          | 457,500            | 498,651          | 498,651          | -   |
| Intergovernmental                             | 1,231,751          | 1,311,141        | 1,311,141        | -   |
| Contributions and donations                   | 15,000             | 5,850            | 5,850            | -   |
| Other   | 5,000              | 2,432            | 2,432            | -   |
| Total revenues                                | <u>2,551,743</u>   | <u>2,739,769</u> | <u>2,739,769</u> | <u>-</u>  |
| <b>Expenditures:</b>                          |                    |                  |                  |   |
| Current:                                      |                    |                  |                  |   |
| Health  | 2,524,784          | 2,655,263        | 2,655,014        | 249   |
| Capital Outlay                                | 11,500             | 11,512           | 11,512           | -   |
| Total expenditures                            | <u>2,536,284</u>   | <u>2,666,775</u> | <u>2,666,526</u> | <u>249</u>  |
| Excess of revenues over (under) expenditures  | <u>15,459</u>      | <u>72,994</u>    | <u>73,243</u>    | <u>249</u>  |
| <b><u>Other financing sources (uses):</u></b> |                    |                  |                  |   |
| Transfers - out                               | <u>(91,213)</u>    | <u>(91,213)</u>  | <u>(91,213)</u>  | <u>-</u>  |
| Total other financing sources (uses)          | <u>(91,213)</u>    | <u>(91,213)</u>  | <u>(91,213)</u>  | <u>-</u>  |
| Net change in fund balance                    | (75,754)           | (18,219)         | (17,970)         | 249   |
| Fund balance at beginning of year             | 75,691             | 75,691           | 75,691           | -   |
| Prior year encumbrances appropriated          | 2,266              | 2,266            | 2,266            | -   |
| Fund balance at end of year                   | <u>\$ 2,203</u>    | <u>\$ 59,738</u> | <u>\$ 59,987</u> | <u>\$ 249</u>   |

See accompanying notes to the basic financial statements.

**Gallia County**  
*Statement of Revenues, Expenditures and Changes in Fund Balance -  
 Budget and Actual (Non-GAAP Basis)  
 Community Development Block Grant Fund  
 For the Year Ended December 31, 2010*

|                                    | Original<br>Budget  | Final<br>Budget | Actual          | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|------------------------------------|---------------------|-----------------|-----------------|---|
| <b>Revenues:</b>                   |                     |                 |                 |   |
| Intergovernmental                  | \$ 240,000          | \$ 534,671      | \$ 534,671      | \$ -  |
| Total revenues                     | <u>240,000</u>      | <u>534,671</u>  | <u>534,671</u>  | <u>-</u>  |
| <b>Expenditures:</b>               |                     |                 |                 |   |
| Current:                           |                     |                 |                 |   |
| Community and economic development | 764,535             | 531,399         | 531,399         | -   |
| Total expenditures                 | <u>764,535</u>      | <u>531,399</u>  | <u>531,399</u>  | <u>-</u>  |
| Net change in fund balance         | (524,535)           | 3,272           | 3,272           | -   |
| Fund balance at beginning of year  | 184                 | 184             | 184             | -   |
| Fund balance at end of year        | <u>\$ (524,351)</u> | <u>\$ 3,456</u> | <u>\$ 3,456</u> | <u>\$ -</u>   |

See accompanying notes to the basic financial statements.

**Gallia County**  
*Statement of Fund Net Assets*  
*Proprietary Funds*  
*December 31, 2010*

|   | KA<br>Sewer         | Bidwell/Porter<br>Sewer | MV<br>Sewer         | Other Enterprise<br>Funds | Total<br>Enterprise | Governmental<br>Activities<br>Internal<br>Service |
|---|---------------------|-------------------------|---------------------|---------------------------|---------------------|---|
| <b>Assets:</b>                                  |                     |                         |                     |                           |                     |   |
| Current assets:                                 |                     |                         |                     |                           |                     |   |
| Equity in pooled cash and cash equivalents      | \$ 1                | \$ 385,405              | \$ 5,051            | \$ 3,113                  | \$ 393,570          | \$ 298,500  |
| Receivables                                     |                     |                         |                     |                           |                     |   |
| Accounts  | -                   | 99,203                  | -                   | 6,407                     | 105,610             | -   |
| Intergovernmental                               | 1,426,783           | -                       | 94,057              | 3,825                     | 1,524,665           | -   |
| Total current assets                            | <u>1,426,784</u>    | <u>484,608</u>          | <u>99,108</u>       | <u>13,345</u>             | <u>2,023,845</u>    | <u>298,500</u>                                    |
| Noncurrent assets:                              |                     |                         |                     |                           |                     |   |
| Non-depreciable capital assets                  | 3,640,648           | -                       | 1,032,673           | 338,435                   | 5,011,756           | -   |
| Depreciable capital assets, net                 | -                   | 3,664,167               | -                   | 321,154                   | 3,985,321           | -   |
| Total assets                                    | <u>5,067,432</u>    | <u>4,148,775</u>        | <u>1,131,781</u>    | <u>672,934</u>            | <u>11,020,922</u>   | <u>298,500</u>                                    |
| <b>Liabilities:</b>                             |                     |                         |                     |                           |                     |   |
| Current liabilities:                            |                     |                         |                     |                           |                     |   |
| Accounts payable                                | -                   | 2,072                   | -                   | 1,902                     | 3,974               | -   |
| Contracts payable                               | 156,751             | -                       | 70,135              | 13,966                    | 240,852             | -   |
| Retainage payable                               | 120,656             | -                       | 38,382              | -                         | 159,038             | -   |
| Intergovernmental payable                       | -                   | 1,048                   | -                   | 1,140                     | 2,188               | -   |
| Interfund payable                               | 50,000              | -                       | 3,368               | 28,125                    | 81,493              | -   |
| Accrued interest payable                        | -                   | 64,957                  | -                   | -                         | 64,957              | -   |
| Compensated absences                            | -                   | -                       | -                   | 5,354                     | 5,354               | -   |
| General obligation bonds payable                | -                   | 28,100                  | -                   | -                         | 28,100              | -   |
| OPWC loans payable                              | -                   | 5,750                   | -                   | -                         | 5,750               | -   |
| Total current liabilities                       | <u>327,407</u>      | <u>101,927</u>          | <u>111,885</u>      | <u>50,487</u>             | <u>591,706</u>      | <u>-</u>  |
| Long-term liabilities:                          |                     |                         |                     |                           |                     |   |
| Compensated absences                            | -                   | -                       | -                   | 4,884                     | 4,884               | -   |
| General obligation bonds payable                | -                   | 1,693,700               | -                   | -                         | 1,693,700           | -   |
| OPWC loans payable                              | -                   | 126,500                 | -                   | -                         | 126,500             | -   |
| OWDA loans payable                              | 2,234,652           | -                       | 8,396               | 296,344                   | 2,539,392           | -   |
| Total long-term liabilities                     | <u>2,234,652</u>    | <u>1,820,200</u>        | <u>8,396</u>        | <u>301,228</u>            | <u>4,364,476</u>    | <u>-</u>  |
| Total liabilities                               | <u>2,562,059</u>    | <u>1,922,127</u>        | <u>120,281</u>      | <u>351,715</u>            | <u>4,956,182</u>    | <u>-</u>  |
| <b>Net assets:</b>                              |                     |                         |                     |                           |                     |   |
| Invested in capital assets, net of related debt | 1,285,340           | 1,810,117               | 985,895             | 363,245                   | 4,444,597           | -   |
| Unrestricted                                    | 1,220,033           | 416,531                 | 25,605              | (42,026)                  | 1,620,143           | 298,500   |
| Total net assets                                | <u>\$ 2,505,373</u> | <u>\$ 2,226,648</u>     | <u>\$ 1,011,500</u> | <u>\$ 321,219</u>         | <u>\$ 6,064,740</u> | <u>\$ 298,500</u>                                 |

See accompanying notes to the basic financial statements.



**Gallia County**  
*Statement of Revenues, Expenses and Changes in Net Assets*  
*Proprietary Funds*  
*For the Year Ended December 31, 2010*

|  | KA<br>Sewer         | Bidwell/Porter<br>Sewer | MV<br>Sewer         | Other Enterprise<br>Funds | Total<br>Enterprise | Governmental<br>Activities<br>Internal<br>Service |
|--|---------------------|-------------------------|---------------------|---------------------------|---------------------|---|
| <b>Operating revenues:</b>                                 |                     |                         |                     |                           |                     |   |
| Charges for services                                       | \$ -                | \$ 193,917              | \$ 650              | \$ 92,688                 | \$ 287,255          | \$ -  |
| Other  | -                   | -                       | 170                 | -                         | 170                 | 447,194   |
| Total operating revenues                                   | -                   | 193,917                 | 820                 | 92,688                    | 287,425             | 447,194   |
| <b>Operating expenses:</b>                                 |                     |                         |                     |                           |                     |   |
| Personal services  | -                   | 32,372                  | -                   | 31,178                    | 63,550              | 651,750   |
| Contract services  | -                   | 44,729                  | -                   | 61,474                    | 106,203             | -   |
| Materials and supplies                                     | -                   | 10,506                  | -                   | 7,859                     | 18,365              | -   |
| Depreciation   | -                   | 133,318                 | -                   | 22,423                    | 155,741             | -   |
| capital outlay   | -                   | -                       | -                   | -                         | -                   | -   |
| Other  | -                   | 5,500                   | 52                  | 7,000                     | 12,552              | -   |
| Total operating expenses                                   | -                   | 226,425                 | 52                  | 129,934                   | 356,411             | 651,750   |
| Operating income (loss)                                    | -                   | (32,508)                | 768                 | (37,246)                  | (68,986)            | (204,556)   |
| <b>Nonoperating revenues (expenses):</b>                   |                     |                         |                     |                           |                     |   |
| Interest income  | -                   | 8,846                   | -                   | -                         | 8,846               | -   |
| Other non-operating revenues                               | -                   | 28                      | 1,576               | 41                        | 1,645               | -   |
| Interest and fiscal charges                                | -                   | (77,577)                | -                   | -                         | (77,577)            | -   |
| Total nonoperating revenues (expenses)                     | -                   | (68,703)                | 1,576               | 41                        | (67,086)            | -   |
| Income/(loss) before capital contributions                 | -                   | (101,211)               | 2,344               | (37,205)                  | (136,072)           | (204,556)   |
| Capital contributions - intergovernmental                  | 50,614              | -                       | 450,000             | -                         | 500,614             | -   |
| Change in net assets                                       | 50,614              | (101,211)               | 452,344             | (37,205)                  | 364,542             | (204,556)   |
| Net assets at beginning of year - As restated, see Note 25 | 2,454,759           | 2,327,859               | 559,156             | 358,424                   | 5,700,198           | 503,056   |
| Net assets at end of year                                  | <u>\$ 2,505,373</u> | <u>\$ 2,226,648</u>     | <u>\$ 1,011,500</u> | <u>\$ 321,219</u>         | <u>\$ 6,064,740</u> | <u>\$ 298,500</u>                                 |

See accompanying notes to the basic financial statements.

**Gallia County**  
*Statement of Cash Flows*  
*Proprietary Funds*  
For the Year Ended December 31, 2010

|   | KA<br>Sewer  | Bidwell/Porter<br>Sewer | MV<br>Sewer | Other Enterprise<br>Funds | Total<br>Enterprise | Governmental<br>Activities<br>Internal<br>Service |
|---|--------------|-------------------------|-------------|---------------------------|---------------------|---|
| <b>Cash flows from operating activities:</b>  |              |                         |             |                           |                     |   |
| Cash received from customers  | \$ -         | \$ 180,689              | \$ 650      | \$ 97,705                 | \$ 279,044          | \$ -  |
| Cash received from other operating receipts   | -            | -                       | 170         | -                         | 170                 | 447,194   |
| Cash payments for personal services   | -            | (33,031)                | -           | (29,915)                  | (62,946)            | -   |
| Cash payments for contract services, materials and supplies, and other                                    | (136,682)    | (59,367)                | -           | (81,802)                  | (277,851)           | (651,750)   |
| Net cash provided by (used for) operating activities  | (136,682)    | 88,291                  | 820         | (14,012)                  | (61,583)            | (204,556)   |
| <b>Cash flows from noncapital financing activities:</b>   |              |                         |             |                           |                     |   |
| Cash received from other sources  | -            | 28                      | 1,575       | 41                        | 1,644               | -   |
| Cash received/paid from advances in/out   | (1,240)      | -                       | 3,369       | 16,250                    | 18,379              | -   |
| Net cash provided by noncapital financing activities  | (1,240)      | 28                      | 4,944       | 16,291                    | 20,023              | -   |
| <b>Cash flows from capital and related financing activities:</b>  |              |                         |             |                           |                     |   |
| Receipts from capital grants  | 909,011      | -                       | 855,943     | -                         | 1,764,954           | -   |
| Proceeds from OWDA loan   | 1,999,152    | -                       | 461,809     | 157,157                   | 2,618,118           | -   |
| Principal paid on notes and loans   | (160,901)    | (38,600)                | (453,413)   | (16,250)                  | (669,164)           | -   |
| Interest paid on notes and loans  | -            | (78,701)                | -           | -                         | (78,701)            | -   |
| Acquisition of capital assets   | (2,609,340)  | -                       | (865,052)   | (157,157)                 | (3,631,549)         | -   |
| Net cash used for capital and related financing activities  | 137,922      | (117,301)               | (713)       | (16,250)                  | 3,658               | -   |
| <b>Cash flows from investing activities:</b>  |              |                         |             |                           |                     |   |
| Cash received from interest   | -            | 8,846                   | -           | -                         | 8,846               | -   |
| Net increase (decrease) in cash and cash equivalents  | -            | (20,136)                | 5,051       | (13,971)                  | (29,056)            | (204,556)   |
| Cash and cash equivalents at beginning of year  | 1            | 405,541                 | -           | 17,084                    | 422,626             | 503,056   |
| Cash and cash equivalents at end of year  | \$ 1         | \$ 385,405              | \$ 5,051    | \$ 3,113                  | \$ 393,570          | \$ 298,500  |
| <b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b> |              |                         |             |                           |                     |   |
| Operating income (loss)   | \$ -         | \$ (32,508)             | \$ 768      | \$ (37,246)               | \$ (68,986)         | \$ (204,556)                                      |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: |              |                         |             |                           |                     |   |
| Depreciation  | -            | 133,318                 | -           | 22,423                    | 155,741             | -   |
| Changes in assets and liabilities:  |              |                         |             |                           |                     |   |
| (Increase) decrease in assets:  |              |                         |             |                           |                     |   |
| Accounts receivable   | -            | (13,228)                | -           | 5,017                     | (8,211)             | -   |
| Increase (decrease) in liabilities:   |              |                         |             |                           |                     |   |
| Accounts payable  | -            | 2,072                   | (1,142)     | (446)                     | 484                 | -   |
| Contracts payable   | (113,354)    | (704)                   | 1,194       | -                         | (112,864)           | -   |
| Accrued wages and benefits  | -            | (876)                   | -           | (957)                     | (1,833)             | -   |
| Intergovernmental payable   | -            | 217                     | -           | 232                       | 449                 | -   |
| Retainage Payable   | (23,328)     | -                       | -           | -                         | (23,328)            | -   |
| Compensated absences payable  | -            | -                       | -           | (3,035)                   | (3,035)             | -   |
| Net cash provided by (used for) operating activities  | \$ (136,682) | \$ 88,291               | \$ 820      | \$ (14,012)               | \$ (61,583)         | \$ (204,556)                                      |

See accompanying notes to the basic financial statements.

**Gallia County**  
*Statement of Fiduciary Assets and Liabilities*  
*Fiduciary Funds*  
*December 31, 2010*

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|  |    | <u>Agency</u> |
|--|----|---------------|
| <b>Assets:</b>                             |    |               |
| Equity in pooled cash and cash equivalents | \$ | 3,670,626     |
| Cash and cash equivalents:                 |    |               |
| In segregated accounts                     |    | 476,605       |
| Receivables:                               |    |               |
| Property taxes                             |    | 25,428,900    |
| Accounts                                   |    | 246,388       |
| Intergovernmental                          |    | 1,853,740     |
| Special assessments                        |    | 49,953        |
| Total assets                               | \$ | 31,726,212    |
| <br><b>Liabilities:</b>                    |    |               |
| Intergovernmental payable                  | \$ | 27,820,400    |
| Undistributed monies                       |    | 3,894,150     |
| Deposits held and due to others            |    | 11,662        |
| Total liabilities                          | \$ | 31,726,212    |

See accompanying notes to the basic financial statements.

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

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**NOTE 1 - DESCRIPTION OF GALLIA COUNTY AND REPORTING ENTITY**

Gallia County, Ohio (the County), was created in 1803. The County is governed by a board of three Commissioners elected by the voters of 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, a Common Pleas Court Judge and a Probate/Juvenile Court Judge. Although the elected officials manage the internal operations of their respective departments, the County Commissioners authorize expenditures as well as serve as the budget and taxing authority, contracting body and the chief administrators of public services for the entire County.

**Reporting Entity**

For financial reporting purposes, the County complies with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement No. 39, in defining the financial reporting entity. The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the County are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the County. For Gallia County, this includes the Gallia County Board of Developmental Disabilities, Gallia County Children Services Board, Gallia County Department of Job and Family Services and departments and activities that are directly operated by the elected County officials.

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

**Discretely Presented Components Units**

The component unit columns in the basic financial statements identify the financial data of the County's component units, Gallco Industries, Inc. and the Gallia-Meigs Regional Airport. They are reported separately to emphasize that they are legally separate from the County.

Gallco Industries, Inc. - Gallco Industries, Inc. is a legally separate, not-for-profit corporation organized under Chapter 1702 O.R.C. and classified as a 501(C)(3) non-profit corporation. Gallco Industries, Inc., under a contractual agreement with Gallia County Board of Developmental Disabilities, provides sheltered employment for developmentally disabled or handicapped adults in Gallia County. Based on the significant services and resources provided by the County to Gallco Industries, Inc. and their sole purpose of providing assistance to the developmentally disabled and handicapped adults of Gallia County, Gallco Industries, Inc. is reflected as a discretely presented component unit of Gallia County. Gallco Industries, Inc. operates on a calendar year basis. Complete financial statements of the component unit can be obtained from the offices of Gallco Industries, Inc., Post Office Box 14, Cheshire, Ohio 45620.

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

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**NOTE 1 - DESCRIPTION OF GALLIA COUNTY AND REPORTING ENTITY** *(Continued)*

*Gallia-Meigs Regional Airport* - The Gallia-Meigs Regional Airport operates under a separate board that consists of five members appointed by Gallia County. The Gallia County Commissioners approve the budget, expenditures, fund deficits and are directly responsible for their debt. All of the land and capital assets at the Airport belong to the County. The Airport utilizes the facilities of the County. A manager contracted by the Airport Authority board operates as a fixed based operator. The Airport generates revenue from sales and rental space. Grants are applied for by the County Commissioners in the Airport Authority's name. Meigs County does not contribute financially to the Airport operations. The Gallia-Meigs Regional Airport is reflected as a discretely presented component unit of Gallia County. Financial statements of the component unit can be obtained from the Gallia County Commissioners' Office, Gallia County Courthouse, 18 Locust Street, Gallipolis, OH 45631.

The following entities have been excluded from the County's financial statements because the County is not financially accountable for these organizations nor are these entities for which the County approves the budget, the issuance of debt, or the levying of taxes:

- Gallia County Agricultural Society
- Gallia County Historical Society
- Gallia County Cooperative Extension Services
- Gallia County Rural Water Association
- Community Improvement Corporation
- Gallia County Board of Education
- Gallia-Jackson-Vinton Joint Vocational School
- Gallia, Jackson, Vinton ABLE Center
- Gallia, Jackson, Vinton Retired and Senior Volunteer Program
- Gallia County Animal Welfare, Inc.

The County is associated with the following organizations that are defined as jointly governed organizations, related organizations or shared risk pools. These organizations are presented in Notes 18, 19 and 20 to the basic financial statements.

- Joint Solid Waste Management District
- Gallia-Jackson-Meigs Counties Board of Alcohol, Drug Addiction and Mental Health Services (ADAMH)
- Gallia-Jackson-Meigs Counties Cluster
- Area Agency on Aging District 7, Inc.
- Ohio Valley Resource Conservation and Development Area, Inc.
- Southeastern Ohio Corrections Commission
- Gallia-Meigs Community Action Agency
- Gallia-Jackson Child Abuse and Neglect Advisory Board
- Ohio Valley Regional Development Commission
- Southern Ohio Council of Governments
- O.O. McIntyre Park District
- Bossard Memorial Library
- Gallia Metropolitan Housing Authority
- County Risk Sharing Authority (CORSA)
- County Commissioners Association of Ohio Workers' Compensation Group Rating Plan

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

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**NOTE 1 - DESCRIPTION OF GALLIA COUNTY AND REPORTING ENTITY** *(Continued)*

The Gallia-Jackson-Meigs Counties Board of Alcohol, Drug Addiction and Mental Health Services (ADAMH) and the O.O. McIntyre Park District are presented as agency funds of the County because the County Auditor serves as the fiscal agent for these organizations.

As the custodian of public funds, the County Treasurer invests all public monies held on deposit in the County treasury. In the case of the legally separate agencies, boards and commissions listed below, the County serves as fiscal agent, but is not financially accountable for their operations nor are they fiscally dependent on the County. Accordingly, the activity of the following districts and agencies are presented as agency funds within the County's financial statements.

***Gallia County Health Department*** is governed by a five member Board of Health which oversees the operation of the Health District. The Board is elected by a District Advisory Council comprised of township trustees, county commissioners and mayors of participating municipalities. The Board adopts its own budget and hires and fires its own staff. The Board has sole budgetary authority, and controls surpluses and deficits. The County is not legally obligated for the Health District's debt.

***Gallia County Soil and Water Conservation District*** is statutorily created as a separate and distinct political subdivision of the State. The five Supervisors of the Soil and Water Conservation District are elected officials authorized to contract and sue on behalf of the District. The Supervisors adopt their own budget, authorize District expenditures, hire and fire staff, and do not rely on the County to finance deficits. The District submits a budget to the Board of County Commissioners for inclusion on the County's annual appropriation resolution. The Ohio Department of Natural Resources provides funding to match what is provided by the County out of the General Fund.

***Local Emergency Planning Committee (LEPC)*** of Gallia County is a single county district. The State Emergency Response Commission designates Emergency Planning Districts within the state. The committee members are recommended by the County Commissioners for approval by the State Emergency Response Commission. The LEPC receives operating resources in the form of grants from the State. The activities of the LEPC are accounted for as an agency fund of the County. The County has no ability to impose its will on the organization. No benefit/burden relationship exists. The County's accountability ceases with the recommendation of appointments of committee members.

***Gallia County Council on Aging*** is operated under a separate board of directors, which currently consists of 18 members from various clubs, companies, and the Gallia County community. Although the County collects tax monies for the Council, the County is not involved in the selection of directors or management of the Council on Aging or in the authorization of expenditures.

***Gallia County Family and Children First Council*** is controlled by an oversight committee. The chair of the County Commissioners serves on the committee. The County is the fiscal agent for the Council's monies.

**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 governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The County follows GASB guidance as applicable to its governmental and business-type activities, and Financial Accounting Standards Board (FASB) statements and interpretations, Accounting Principles Board opinions, and Accounting Research Board bulletins issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements or that have been made applicable by the GASB. The County has elected to follow GASB guidance for business-type activities and enterprise funds rather than FASB guidance issued after November 30, 1989. The most significant of the County's accounting policies are described below.

**A. Basis of Presentation**

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

**Government-Wide Financial Statements** - The statement of net assets and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The 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 activities and for the single business-type activity of the County. 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 and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the County.

**Fund Financial Statements** - 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 and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The Internal Service Fund is presented in a separate column on the face of the proprietary fund statement. Fiduciary funds are reported by type.



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

**B. Fund Accounting**

The County uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific County functions or activities. 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 Fund** - This fund is the operating fund of the County and is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the County for any purpose provided it is expended or transferred according to the general laws of Ohio.

**Motor Vehicle and Gas Tax Fund** - This fund accounts for the County road and bridge maintenance, repair and improvement programs. Revenue sources include Federal and State grants and distributions.

**Job and Family Services Fund** - This fund accounts for various Federal and State grants, as well as transfers from the General Fund that are used to provide public assistance to general relief recipients and to pay their providers of medical assistance and certain public social services.

**Board of Developmental Disabilities Fund** - This fund accounts for the operation of a school, workshop and resident homes for the developmentally disabled. Revenue sources include a county-wide property tax levy and Federal and State grants.

**Community Development Block Grant Fund** - This fund accounts for federal community development block grant monies. The funds are expended by the County in poverty and low-income areas or awarded to other subdivisions for capital improvement projects that meet the federal criteria.

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

**Proprietary Funds** - Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods and services. The following are the County's major enterprise funds:

**Bidwell/Porter Sewer Fund** - The Bidwell/Porter Sewer Fund accounts for the operation of the Bidwell/Porter sewer system.

**KA Sewer Fund** - The KA Sewer Fund accounts for grant monies that will be utilized to construct the KA Sewer System.

**MV Sewer Fund** - The MV Sewer Fund accounts for grant monies that will be utilized to construct the Mercerville Sewer System.

**Internal Service Fund** - The Employee Benefits Trust Fund Internal Service Fund accounts for funds held in reserve to cover excess costs in providing health insurance for the County's employees.

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

**Fiduciary Funds** - Fiduciary fund reporting focuses on net assets and changes in net assets. The County's fiduciary funds consist of agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The County's agency funds account for assets held for political subdivisions in which the County acts as fiscal agent and for taxes, state-levied shared revenues, and fines and forfeitures that have been collected and which will be distributed to other political subdivisions.

**C. Measurement Focus**

**Government-Wide Financial Statements** - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the County are included on the statement of net assets. The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total 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.

Like the government-wide statements, all proprietary fund types 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 revenues, expenses and changes in 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.

**D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual bases 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 is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are "measurable" and become "available". "Measurable" means the amount of the transaction can be determined and "available" means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal 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 an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 11). 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 nonexchange transactions must also be available before it can be recognized.

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

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: delinquent property taxes, sales taxes, charges for services and fees, fines and forfeitures, state levied locally shared taxes (including motor vehicle license fees and gasoline taxes), grants, and interest.

**Unearned/Deferred Revenue** – Unearned/Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2010, but which were levied to finance fiscal year 2011 operations, have been recorded as unearned/deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as unearned/deferred revenue.

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

**Expenses/Expenditures** - On the 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.

**E. Budgetary Process**

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

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

The appropriations resolution is subject to amendment by the County Commissioners throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the original budget approved by the County Commissioners. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the County Commissioners during the year.

**F. Cash and Cash Equivalents**

To improve cash management, cash received by the County is pooled. Monies for all funds, including proprietary funds, 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.

Cash and cash equivalents that are held separately within the departments of the County and not included in the County Treasury are recorded as "cash and cash equivalents in segregated accounts".

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

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

Interest revenue is distributed by the County to the General Fund, Motor Vehicle and Gas Tax Fund, Other Governmental Funds, and the Bidwell/Porter Sewer Fund. Interest revenue credited to these funds during 2010 amounted to \$273,579, \$32,630, \$1,679, and \$8,846, respectively. Interest revenue received by the Board of Development Disabilities Fund of \$13,365 relate to the supportive living program monies for which the Southern Ohio Council of Governments acts as fiscal agent (See Note 18).

For presentation on the financial statements, funds included within the Treasurer's cash management pool and investments with original maturities of three months or less are considered to be cash and cash equivalents.

**G. Inventory**

On the government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. The consumption method is required for government wide financial statements.

On the fund financial statements, inventories of governmental funds are stated at cost. Cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure (purchase method) in the governmental funds.

**H. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2010, 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.

**I. Capital Assets**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These 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 enterprise funds are reported both in the business-type activities column of the government-wide statement of net assets and in the funds.

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 five thousand dollars, with the exception of infrastructure. The County maintains their capitalization threshold for infrastructure as follows: \$50,000 for roads, bridges and culverts and \$25,000 for all traffic signals, street lighting, signage, guardrails, retaining walls and related items. 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 enterprise fund capital assets is also capitalized.

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

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

All capital assets are depreciated except for land and construction in progress. 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 replacement. Depreciation is computed using the straight-line method over the following useful lives:

| Description                | Governmental<br>Activities<br>Estimated Lives | Business-Type<br>Activities<br>Estimated Lives |
|----------------------------|---|--|
| Buildings and Improvements | 10-40 years                                   | 15-40 years                                    |
| Land Improvements          | 20 years                                      | N/A  |
| Machinery and equipment    | 5-30 years                                    | 10 years                                       |
| Furniture and fixtures     | 15-20 years                                   | 10 years                                       |
| Vehicles                   | 5-20 years                                    | 8 years  |
| Infrastructure             | 4-115 years                                   | n/a  |

**J. Interfund Balances**

On the fund financial statements, receivables and payables resulting from short-term interfund loans and amounts due to or from other funds for services provided and used are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are presented as "internal balances".

**K. Compensated Absences**

The County reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences" as interpreted by Interpretation No. 6 of the GASB, "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements".

Vacation and compensatory time benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those employees for whom it is probable will become eligible to receive payment in the future. The County has determined that employees with the County for five to ten years, depending on each department, are probable to receive payment in the future. The liability is based on accumulated sick leave and employees' wage rates at year end.

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

For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured 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.

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

**L. Accrued Liabilities and Long-term Obligations**

All payables, accrued liabilities and long-term obligations are reported on the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on 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. Bonds, capital leases and long-term loans are recognized as a liability in the governmental fund financial statements when due.

**M. Fund Balance Reserves**

The County reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available, spendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates the portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances, loans, inventory and unclaimed monies.

**N. 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's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. Net assets restricted for other purposes include resources restricted for Federal and State grants restricted to expenditure for specified purposes.

Of the County's \$6,431,294 of restricted net assets, none are restricted by enabling legislation.

**O. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the County, these revenues are charges for services for sewer services and charges to other funds to support the insurance program accounted for in the Internal Service Fund. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund. Revenues and expenses not meeting these definitions are reported as nonoperating.

**P. Interfund Transactions**

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

**Q. Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

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

**NOTE 3 - BUDGETARY BASIS OF ACCOUNTING**

While the County is 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, disbursements and encumbrances. The statement of revenues, expenditures and changes in fund balance - budget and actual (non-GAAP basis) is presented for the General Fund and major special revenue funds on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and modified accrual GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance.
4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund and major special revenue funds:

| Net Change in Fund Balances |              |                                 |                               |   |   |
|-----------------------------|--------------|---------------------------------|-------------------------------|---|---|
|                             | General      | Motor<br>Vehicle<br>and Gas Tax | Job and<br>Family<br>Services | Board of<br>Developmental<br>Disabilities | Community<br>Development<br>Block Grant |
| GAAP Basis                  | \$ (474,430) | \$ 407,740                      | \$ 427,164                    | \$ 168,833                                | \$ 762                                  |
| Net Adjustments for:        |              |                                 |                               |   |   |
| Revenue accruals            | 86,679       | 340,403                         | (428,766)                     | (141,996)                                 | -                                       |
| Expenditure accruals        | (130,345)    | (741,739)                       | (88,480)                      | (44,407)                                  | 2,510                                   |
| Adjustment for encumbrances | (81,679)     | -                               | (40,282)                      | (400)                                     | -                                       |
| Budget basis                | \$ (599,775) | \$ 6,404                        | \$ (130,364)                  | \$ (17,970)                               | \$ 3,272                                |

**NOTE 4 - CASH, DEPOSITS AND INVESTMENTS**

**A. Primary Government**

The investment and deposits of County monies are governed by the Ohio Revised Code. State statutes classify monies held by the County 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.

Inactive deposits are public deposits that the County has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts, including, but not limited to, passbook accounts.

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

1. United States treasury notes, bills, bonds, or other obligations or security issued by the United States treasury or any other obligation guaranteed as to the payment of principal and interest by the United States, or any book entry zero-coupon United States treasury security that is a direct obligation of the United States;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, or the political subdivisions of Ohio, provided that such political subdivisions are located wholly or partly within the same county as the investing authority;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) 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 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 division (1) or (2), or cash, or both securities and cash, equal value for equal value;
9. High grade commercial paper in an amount not to exceed 5 percent of the County's total average portfolio;



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

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**NOTE 4 - CASH, DEPOSITS AND INVESTMENTS** *(Continued)*

10. Certain bankers' acceptances for a period not to exceed one hundred and eighty days and commercial paper notes for a period not to exceed two hundred and seventy days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time;
11. Under limited circumstances, corporate debt interests rated in any of the three highest rating classifications by at least two nationally recognized rating agencies;
12. Notes issued by corporations incorporated and operating within the United States, or by depository institutions doing business under any state or United States authority and operating within the United States. Such investments shall not exceed fifteen percent of the County's total average portfolio and meet other requirements; and
13. A current unpaid or delinquent tax line of credit authorized under division (G) of section 135.341 of the Revised Code provided that all of the conditions for entering into such a line of credit under that division are satisfied.

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.

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

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.

**Undeposited Cash**

At year-end, the County had \$123,819 undeposited cash on hand which is included as part of "equity in pooled cash and cash equivalents."

**Deposits**

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

As of December 31, 2010, the County's bank balance of \$9,874,499 is either covered by FDIC or collateralized by the financial institutions' public entity deposit pools in the manner as described above.

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

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**NOTE 4 - CASH, DEPOSITS AND INVESTMENTS** (Continued)

**B. Component Units**

**Deposits and Investments**

Cash and cash equivalents held by Gallco Industries, Inc. is classified as “cash and cash equivalents in segregated accounts” whereas the Gallia-Meigs Regional Airport Authority’s balance is classified as “equity in pooled cash and cash equivalents”. The County is the fiscal agent for the Airport Authority and reports their portion of cash within an agency fund.

Gallco Industries, Inc. At December 31, 2010, the carrying amount of Gallco Industries, Inc. deposits was \$149,082. There are no statutory guidelines regarding the deposit and investment of funds by the non-profit corporation.

Gallia-Meigs Regional Airport Authority At year end, the amount of the Gallia-Meigs Regional Airport Authority equity in the County’s internal investment pool was \$31,944.

**NOTE 5 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

|  |                   |
|--|-------------------|
| Due to General Fund from:                  |                   |
| Board of Developmental Disabilities        | \$ 37,500         |
| Nonmajor governmental funds                | 51,083            |
| KA Sewer                                   | 50,000            |
| MV Sewer                                   | 3,368             |
| Nonmajor enterprise funds                  | 28,125            |
| Total due to General Fund from other funds | <u>\$ 170,076</u> |
| <br>                                       |                   |
| Due to Job and Family Services Fund from:  |                   |
| Nonmajor governmental funds                | <u>\$ 1,301</u>   |

All balances resulted from the time lag between the dates that (1) reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

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

**NOTE 5 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS** *(Continued)*

A summary of interfund transfers for 2010 were as follows:

| <u>Transfers to:</u>        | Transfers from:     |   |                     |
|-----------------------------|---------------------|---|---------------------|
|                             | General             | Board of<br>Developmental<br>Disabilities | Total               |
| Job and Family Services     | \$ 259,850          | \$ -                                      | \$ 259,850          |
| Nonmajor governmental funds | 926,995             | 91,213                                    | 1,018,208           |
| <b>Total Transfers</b>      | <b>\$ 1,186,845</b> | <b>\$ 91,213</b>                          | <b>\$ 1,278,058</b> |

During 2010, the County made seven transfers totaling \$564,285 from the General Fund to the Emergency Medical Services Fund to subsidize the program services. The General Fund also transferred \$50,000, \$259,850, and \$172,121 to Dog & Kennel, Job & Family Services, and the Work Release Program Funds, respectively. In addition, the General Fund transferred monies in the amount of \$140,589 to other nonmajor governmental funds to subsidize program services.

**NOTE 6 - RECEIVABLES**

Receivables at December 31, 2010 consisted of property taxes, sales taxes, accounts (billings for user charged services), accrued interest, loans, interfund, and intergovernmental grants. All receivables are considered fully collectible. A summary of the principal items of intergovernmental receivable follows:

| Governmental Activities   |                     |
|---|---------------------|
| <b>General Fund:</b>  |                     |
| Local government distributions  | \$ 237,838          |
| Grants  | 42,309              |
| Homestead and Rollback  | 98,318              |
| <b>Total General Fund</b>   | <b>378,465</b>      |
| <b>Major Special Revenue Funds:</b>   |                     |
| Motor Vehicle and Gas Tax   | 1,773,342           |
| Job and Family Services   | 220,726             |
| Board of Developmental Disabilities   | 619,159             |
| Community Development Block Grant   | 411,014             |
| <b>Total Major Special Revenue Funds</b>                                    | <b>3,024,241</b>    |
| <b>Nonmajor Governmental Funds:</b>   |                     |
| Industrial Site Improvement Grant   | 212,256             |
| USDA Rural Business Enterprise Grant  | 99,000              |
| Prosecutor Victim's Assistance Grant  | 42,867              |
| Work Release Center Grant   | 35,050              |
| Ohio Youth Commission   | 174,014             |
| Sheriff's Bulletproof Vest Grant  | 3,545               |
| Child Support Enforcement Agency  | 135,497             |
| Children Services   | 139,763             |
| Sheriff Overtime Grant 2010   | 3,362               |
| Sheriff Drug Enforcement Grant  | 27,719              |
| Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program |                     |
| Community Liason Officer  | 12,445              |
| Domestic Violence Enforcement   | 13,729              |
| 911 Grant   | 15,000              |
| <b>Total Nonmajor Governmental Funds</b>                                    | <b>914,247</b>      |
| <b>Total intergovernmental receivable</b>                                   | <b>\$ 4,316,953</b> |

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

**NOTE 6 – RECEIVABLES (Continued)**

| Fiduciary Funds          |              |
|--------------------------|--------------|
| Agency Funds             | \$ 1,853,740 |
|                          |              |
| Business-Type Activities |              |
| Major Enterprise Fund:   |              |
| KA Sewer                 | 1,426,783    |
| MV Sewer                 | 94,057       |
| Other Enterprise Fund:   |              |
| Green Sewer              | 3,825        |
| Total Enterprise Funds   | \$ 1,524,665 |

**NOTE 7 - CAPITAL ASSETS**

A summary of changes in general capital assets during 2010 were as follows:

|   | Beginning<br>Balance* | Increases    | Decreases   | Ending<br>Balance |
|---|-----------------------|--------------|-------------|-------------------|
| Governmental activities:                    |                       |              |             |                   |
| Nondepreciable capital assets:              |                       |              |             |                   |
| Construction in Progress                    | \$ -                  | \$ 761,591   | \$ -        | \$ 761,591        |
| Land  | 488,565               | -            | -           | 488,565           |
| Total nondepreciable capital assets         | 488,565               | 761,591      | -           | 1,250,156         |
| Depreciable capital assets:                 |                       |              |             |                   |
| Land improvements                           | 130,657               | -            | -           | 130,657           |
| Buildings and improvements                  | 10,901,389            | 9,517        | -           | 10,910,906        |
| Furniture, fixtures and equipment           | 5,011,070             | 309,525      | -           | 5,320,595         |
| Vehicles                                    | 2,905,779             | 313,322      | (260,297)   | 2,958,804         |
| Infrastructure                              | 20,343,904            | 1,712,953    | (69,157)    | 21,987,700        |
| Total depreciable capital assets            | 39,292,799            | 2,345,317    | (329,454)   | 41,308,662        |
| Accumulated Depreciation:                   |                       |              |             |                   |
| Land improvements                           | (77,461)              | (4,138)      | -           | (81,599)          |
| Buildings and improvements                  | (4,359,046)           | (243,597)    | -           | (4,602,643)       |
| Furniture, fixtures and equipment           | (3,073,832)           | (355,151)    | -           | (3,428,983)       |
| Vehicles                                    | (1,902,322)           | (288,622)    | 247,222     | (1,943,722)       |
| Infrastructure                              | (7,838,923)           | (905,224)    | 28,354      | (8,715,793)       |
| Total accumulated depreciation              | (17,251,584)          | (1,796,732)  | 275,576     | (18,772,740)      |
| Depreciable capital assets, net             | 22,041,215            | 548,585      | (53,878)    | 22,535,922        |
| Governmental activities capital assets, net | \$ 22,529,780         | \$ 1,310,176 | \$ (53,878) | \$ 23,786,078     |

\* As restated, See Note 25.

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

**NOTE 7 - CAPITAL ASSETS (Continued)**

For governmental activities, depreciation expense was charged to functions as follows:

| Governmental Activities                            |              |
|--|--------------|
| General government:                                |              |
| Legislative and executive                          | \$ 118,479   |
| Judicial   | 17,164       |
| Public safety                                      | 190,639      |
| Public works                                       | 1,253,434    |
| Health   | 164,118      |
| Human services                                     | 52,898       |
| Total governmental activities depreciation expense | \$ 1,796,732 |

A summary of changes in business-type capital assets during 2010 were as follows:

|  | Beginning<br>Balance* | Increases    | Decreases | Ending<br>Balance |
|--|-----------------------|--------------|-----------|-------------------|
| Business-type activities:                    |                       |              |           |                   |
| Construction in Progress                     | \$ 1,166,941          | \$ 3,844,815 | \$ -      | \$ 5,011,756      |
| Non-Depreciable Capital Assets               | 1,166,941             | 3,844,815    | -         | 5,011,756         |
| Depreciable capital assets:                  |                       |              |           |                   |
| Building and improvements                    | 6,215,700             |              | -         | 6,215,700         |
| Furniture, fixtures and equipment            | 17,379                | -            | -         | 17,379            |
| Total depreciable capital assets:            | 6,233,079             | -            | -         | 6,233,079         |
| Accumulated depreciation:                    |                       |              |           |                   |
| Building and improvements                    | (2,074,638)           | (155,741)    | -         | (2,230,379)       |
| Furniture, fixtures and equipment            | (17,379)              | -            | -         | (17,379)          |
| Total accumulated depreciation               | (2,092,017)           | (155,741)    | -         | (2,247,758)       |
| Depreciable capital assets, net              | 4,141,062             | (155,741)    | -         | 3,985,321         |
| Business-type activities capital assets, net | \$ 5,308,003          | \$ 3,689,074 | \$ -      | \$ 8,997,077      |

\* As restated, see Note 25

The business-type activities of the County are the sewer operations at various subdivisions throughout the County.

The Kanauga Addison Sewer System is estimated to be completed in November 2011. When completed, it will replace the Tara Wastewater Treatment Plant and Lift Station which has a cost of \$225,161 and a December 31, 2010 book value of \$57,257.

The Green Sewer System will replace the Meadowlook Wastewater Treatment Plant and Rodney II Sewer System which have a cost of \$372,840 and a December 31, 2010 book value of \$129,841. The Green Sewer System is in the planning stages and will not be completed for several years if funding is obtained.

The increase to construction in progress for business-type activities includes capitalized interest of \$22,163.

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

**NOTE 8 - CAPITALIZED LEASES - LESSEE DISCLOSURE**

The County has entered into agreements to lease equipment and other assets. Such agreements are, in substance, lease purchases and are reflected as capital lease obligations in the basic financial statements. Capital lease payments are reflected as debt service in the basic financial statements for the governmental funds. New capital leases are, in substance, capital purchases and are reflected as current expenditures and “inception of capital lease” in the fund financial statements. The capital lease obligations reflected below as part of the long-term obligations represent the present value of the net future minimum lease payments on all capital leases. The equipment acquired has been capitalized in the governmental activities in the amount of \$17,544.

The following is a schedule of the future minimum lease payments under lease obligations which have been capitalized as of December 31, 2010.

| <u>Year Ended</u>                       | <u>Capital Lease</u> |
|---|----------------------|
| 2011                                    | <u>Obligations</u>   |
|   | \$ 2,020             |
| Total minimum lease payments            | 2,020                |
| Less: amount representing interest      | (155)                |
| Present value of minimum lease payments | <u>\$ 1,865</u>      |

**NOTE 9 - LONG-TERM OBLIGATIONS**

The County’s governmental long-term obligations activity for the year ended December 31, 2010, was as follows:

| <u>Purpose</u>                                      | <u>Beginning</u>    | <u>Additions</u>    | <u>Reductions</u>     | <u>Ending</u>       | <u>Due Within</u> |
|---|---------------------|---------------------|-----------------------|---------------------|-------------------|
|   | <u>Balance</u>      |                     |                       | <u>Balance</u>      | <u>One Year</u>   |
| Governmental activities:                            |                     |                     |                       |                     |                   |
| General obligation bonds and loans payable          |                     |                     |                       |                     |                   |
| Solid waste recycling bond                          |                     |                     |                       |                     |                   |
| 1998-2012, 4.95%                                    | \$ 90,000           | \$ -                | \$ (30,000)           | \$ 60,000           | \$ 30,000         |
| EMS ambulances loan                                 |                     |                     |                       |                     |                   |
| 2007-2011, 4.19%                                    | 57,631              | -                   | (28,216)              | 29,415              | 29,415            |
| Early childhood building construction bond          |                     |                     |                       |                     |                   |
| 2006-2036, 4.45%                                    | 1,417,072           | -                   | (28,153)              | 1,388,919           | 29,406            |
| EMS Ford 350 loan                                   |                     |                     |                       |                     |                   |
| 2008-2012, 3.95%                                    | 24,335              | -                   | (7,796)               | 16,539              | 8,108             |
| Engineer - Gradall XL4100 loan                      |                     |                     |                       |                     |                   |
| 2008-2012, 3.65%                                    | 158,800             | -                   | (51,024)              | 107,776             | 52,912            |
| Electronic Document System loan                     |                     |                     |                       |                     |                   |
| 2007-2010, 4.99%                                    | 73,441              | -                   | (73,441)              | -                   | -                 |
| Speculative Building Bond                           |                     |                     |                       |                     |                   |
| 2010-2024, 4.08%                                    | -                   | 250,258             | (13,515)              | 236,743             | 12,826            |
| Aiport Hanger Bond                                  |                     |                     |                       |                     |                   |
| 2010-2035, 4.34%                                    | -                   | 275,000             | -                     | 275,000             | 6,307             |
| EMS Station loan                                    |                     |                     |                       |                     |                   |
| 2009-2033, 3.99%                                    | 145,747             | -                   | (3,710)               | 142,037             | 3,860             |
| Subtotal general obligation bonds and loans         | <u>1,967,026</u>    | <u>525,258</u>      | <u>(235,855)</u>      | <u>2,256,429</u>    | <u>172,834</u>    |
| Compensated absences                                | 1,603,759           | 833,803             | (950,428)             | 1,487,134           | 598,283           |
| Capital leases                                      | <u>6,523</u>        | <u>-</u>            | <u>(4,658)</u>        | <u>1,865</u>        | <u>1,865</u>      |
| Total governmental activities long-term obligations | <u>\$ 3,577,308</u> | <u>\$ 1,359,061</u> | <u>\$ (1,190,941)</u> | <u>\$ 3,745,428</u> | <u>\$ 772,982</u> |

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

**NOTE 9 - LONG-TERM OBLIGATIONS** *(Continued)*

The County's general obligation bond issue for \$337,500 was issued for the purpose of constructing a solid waste recycling center. The debt will be retired from recycling center receipts.

The County's loan for \$138,570 was issued for the purpose of purchasing a new ambulance for the emergency medical service. The debt will be retired from EMS revenues.

The County's loan for \$414,847 was issued for the purpose of purchasing an Electronic Document Management System. The debt will be retired by Job and Family Services revenues.

The County's general obligation bond issue for \$1,480,000 was issued for the purpose of constructing an early family and childhood center. The debt will be retired by property taxes levied by the County and rental income received.

The County's loan for \$260,000 was issued for the purpose of purchasing a 2008 Gradall Model XL 4100 III 6x4 for the Gallia County Engineer's Office. The debt will be retired from Motor Vehicle and Gas Tax revenues.

The County's loan for \$40,000 was issued for the purpose of purchasing a 2008 Ford F-350 for the Gallia County EMS to be utilized as a rescue truck. The debt will be retired from EMS revenues.

The County's bond for \$150,000 was issued for the purpose of covering a portion of the costs associated with constructing a building for use as an EMS station. The debt will be retired from EMS revenues.

During 2010, the County issued a bond in the amount of \$275,000 for the purpose of the airport hangars #1 and #2 construction project. The debt will be retired from the debt retirement fund from hangar rent received.

During 2010, the County issued a bond in the amount of \$250,258 for the purpose of constructing a speculative building in the Gallia County Industrial Park. The debt will be retired from the debt retirement fund via payments from the General Fund.

The County will pay compensated absences out of the fund from which the employees' salaries are paid, with the most significant funds being the General Fund, the Motor Vehicle and Gas Tax Fund, the Job and Family Services Fund, and the Board of Developmental Disabilities Fund. Capital lease obligations will be paid from the fund that maintains custody of the related assets.

Governmental Activities General Obligation Bonds and Loans

| <u>Year Ended</u> | <u>Principal</u>    | <u>Interest</u>     | <u>Total</u>        |
|-------------------|---------------------|---------------------|---------------------|
| 2011              | \$ 172,834          | \$ 98,151           | \$ 270,985          |
| 2012              | 147,923             | 90,912              | 238,835             |
| 2013              | 57,033              | 84,647              | 141,680             |
| 2014              | 59,504              | 82,177              | 141,681             |
| 2015              | 62,081              | 79,600              | 141,681             |
| 2016-2020         | 353,087             | 355,315             | 708,402             |
| 2021-2025         | 413,913             | 271,863             | 685,776             |
| 2026-2030         | 411,757             | 183,546             | 595,303             |
| 2031-2035         | 490,970             | 85,124              | 576,094             |
| 2036              | 87,327              | 3,886               | 91,213              |
| Total             | <u>\$ 2,256,429</u> | <u>\$ 1,335,221</u> | <u>\$ 3,591,650</u> |

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

**NOTE 9 - LONG-TERM OBLIGATIONS** *(Continued)*

The County's business-type long-term obligations activity for the year ended December 31, 2010, was as follows:

| Purpose   | Beginning<br>Balance | Additions           | Reductions          | Ending<br>Balance   | Due Within<br>One Year |
|---|----------------------|---------------------|---------------------|---------------------|------------------------|
| Business-type activities:                               |                      |                     |                     |                     |                        |
| Long-term loans payable:                                |                      |                     |                     |                     |                        |
| OPWC loan payable<br>2002-2022 0.00%                    | \$ 143,750           | \$ -                | \$ (11,500)         | \$ 132,250          | \$ 5,750               |
| OWDA loan, 2010, 0%                                     | -                    | 461,809             | (453,413)           | 8,396               | -                      |
| OWDA loan 2010, 0%                                      | -                    | 520,901             | (160,901)           | 360,000             | -                      |
| OWDA loan 2008, 5.21%                                   | 155,437              | 157,157             | (16,250)            | 296,344             | -                      |
| OWDA loan 2009, 1.48%                                   | 396,401              | 1,478,251           | -                   | 1,874,652           | -                      |
| General Obligation:                                     |                      |                     |                     |                     |                        |
| Sewer improvement<br>2001-2040, 4.50%                   | 190,600              | -                   | (3,000)             | 187,600             | 3,000                  |
| Sewer improvement<br>2001-2040 4.50%                    | 1,558,300            | -                   | (24,100)            | 1,534,200           | 25,100                 |
| Compensated absences                                    | 13,273               | 60,224              | (63,259)            | 10,238              | 5,354                  |
| Total business-type activities<br>long-term obligations | <u>\$ 2,457,761</u>  | <u>\$ 2,678,342</u> | <u>\$ (732,423)</u> | <u>\$ 4,403,680</u> | <u>\$ 39,204</u>       |

The Ohio Public Works Commission (OPWC) loan issued in the amount of \$230,000 is for utility construction projects. Property taxes and revenue of the utility facilities have been pledged to repay this debt.

The Sewer Improvement bonds issued in the amount of \$1,927,000 are for utility improvement projects. These bonds will be repaid from the Bidwell/Porter Sewer Fund with the revenue from sewer operations.



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

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**NOTE 9 - LONG-TERM OBLIGATIONS** *(Continued)*

The County has received approval for a \$325,000 OPWC loan relating to the Kanauga – Addison Sewer System Project at a rate of 0% interest for a term of 30 years. As of December 31, 2010, no proceeds have been received from the OPWC loan. Property taxes and revenue of the utility facilities have been pledged to repay this debt.

The County was required to secure interim financing relating to the construction of the Kanauga-Addison Sewer System for which the County received a \$1,862,000 USDA Rural Development loan relating to the construction. On August 27, 2009, the County secured interim financing for the USDA Rural Development loan with the Ohio Water Development Authority (OWDA) at an interest rate of 1.48% for a term of 40 years. The OWDA loan was used to pay off the 2006 OWDA planning loan related to the project. As of December 31, 2010, \$1,874,652 has been disbursed on the OWDA Loan, which includes capitalized interest. The County has pledged future Kanauga – Addison Sewer System customer revenues, net of specified operating expenses, to repay the \$1,862,000 OWDA Loan issued in August 2009. Proceeds from the loan provide financing for the construction of the Kanauga – Addison Sewer System. The loan is payable solely from sewer customer net revenues and are payable through 2052. Annual principal and interest payments on the bonds are expected to be less than net revenues. The date of the first repayment is March 2012 with equal annual payments.

In June 2006, the County entered into an agreement with OWDA for a Green Township Sanitary Sewer Study in the amount of \$50,000. On August 28, 2008 the County was approved for a \$325,000 Green Sewer Phase I Design loan which was used to pay off the Sanitary Sewer Study loan. The current contract term is for an interest rate of 5.21% with \$8,125 principal payment amounts semiannually for five years with a final payment date of July 1, 2014 with interest of \$75,141 and principal of \$251,875. The design loan will be rolled over into a long term construction loan for payment. During 2010, the Green Township Sewer Project OWDA loan had additional disbursements of \$157,157. The loan will be repaid from pledged revenues charged for services of the system.

In 2009, the County entered into a Water Pollution Control Loan Fund agreement through OWDA which included assistance from the American Reinvestment and Recovery Act (ARRA) in the amount of \$720,000 for additional financing on the Kanauga-Addison Sewer System. This loan has a 0% interest rate and a term of 20 years. \$360,000 of this loan is scheduled to be paid with grant funding from the American Reinvestment and Recovery Act. As of December 31, 2010, \$520,901 was disbursed on this loan; \$360,000 of the loan has been repaid with the above mentioned ARRA grant funding. In accordance with Section 603(d)(1)(c) of the Clean Water Act, the County has established a dedicated source of revenue for repayment of the loan. The dedicated source of repayment for the loan is the sewer use charges in the Gallia County Commissioner's Resolution passed on May 14, 2009. Semi – annual payment amounts are \$9,000 with the date of first payment of January 1, 2012.

In 2009, the County entered into a Water Pollution Control Loan Fund agreement through OWDA which included assistance from the American Reinvestment and Recovery Act (ARRA). The total amount relating to the agreement is \$569,779 for construction of the Mercerville Sanitary Sewer Project. This loan has a 0% interest rate and a term of 20 years. \$450,000 of this loan is schedule to be paid with grant funding from the American Reinvestment and Recovery Act (ARRA). As of December 31, 2010, \$461,809 have been disbursed on this loan; \$450,000 of the loan has been repaid with the above mentioned ARRA grant funding. In accordance with Section 603(d)(1)(c) of the Clean Water Act, the County has established a dedicated source of revenue for repayment of the loan. The dedicated source of repayment for the loan is the wastewater user fees in the Gallia County Commissioner's Resolution passed on August 27, 2009. Semi – annual payment amounts are \$2,994 with the date of first payment of January 1, 2011.

The amortization schedule below does not include the OWDA loans or OPWC loan relating to Kanauga – Addison and Mercerville Sewers due to the projects not being completed as of December 31, 2010.

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

**NOTE 9 - LONG-TERM OBLIGATIONS** *(Continued)*

The annual requirements to amortize long-term loan and bond obligations outstanding as of December 31, 2010 are as follows:

| <u>Year Ended</u> | <u>Sewer Improvement</u> |                     | <u>Total</u>        | <u>OPWC Loan</u>  |
|-------------------|--------------------------|---------------------|---------------------|-------------------|
|                   | <u>Principal</u>         | <u>Interest</u>     |                     | <u>Principal</u>  |
| 2011              | \$ 28,100                | \$ 77,481           | \$ 105,581          | \$ 5,750          |
| 2012              | 29,500                   | 76,217              | 105,717             | 11,500            |
| 2013              | 30,900                   | 74,889              | 105,789             | 11,500            |
| 2014              | 32,200                   | 73,499              | 105,699             | 11,500            |
| 2015              | 33,700                   | 72,050              | 105,750             | 11,500            |
| 2016-2020         | 192,400                  | 336,119             | 528,519             | 57,500            |
| 2021-2025         | 239,800                  | 288,752             | 528,552             | 23,000            |
| 2026-2030         | 298,700                  | 229,721             | 528,421             | -                 |
| 2031-2035         | 372,400                  | 156,156             | 528,556             | -                 |
| 2036-2040         | 464,100                  | 64,487              | 528,587             | -                 |
| Total             | <u>\$ 1,721,800</u>      | <u>\$ 1,449,371</u> | <u>\$ 3,171,171</u> | <u>\$ 132,250</u> |

On September 19, 2002, the Board of County Commissioners approved a resolution for the guaranty of the Gallia County Community Improvement Corporation's Rural Industrial Park Loan in the original amount of \$700,000 from the Ohio Department of Development. At December 31, 2010, the balance of the loan was \$366,072, and is not reported as an obligation in the accompanying basic financial statements. On March 25, 2011, the remaining balance of the loan was paid in full.

At December 31, 2010, the County's overall legal debt margin was \$13,704,865 with an unvoted debt margin of \$6,963,037.

**NOTE 10 – CONDUIT DEBT OBLIGATIONS**

Pursuant to State statute, various industrial revenue bonds have been issued by private industry within Gallia County. The proceeds of the industrial revenue bonds are used by the various private industries for new construction or improvements. The bonds are to be repaid by the recipients of the proceeds and do not represent an obligation of the County. As of December 31, 2010, there was \$39,022,824 in industrial revenue bonds issued of which \$12,681,448 remains outstanding.

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

**NOTE 11 - PROPERTY TAXES**

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the County. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values 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 revalued every six years. The last revaluation was completed during 2005. Real property taxes are payable annually or semiannually. The first payment is due April 18, with the remainder payable by July 25.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Due to the phase out which began in 2005, the tangible personal property tax percentage fell to zero in 2009 for businesses. Therefore, Ohio no longer has a general tax on tangible personal property used in business. The tax temporarily applies to telephone and inter-exchange telecommunications companies, which is being passed out to 10% for 2009, 5% for 2010, and zero for 2011. After 2011, tangible personal property, exclusive of public utility tangible personal property, will not be subject to tax. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property currently is assessed at 88 percent of its true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts within the County. The County Auditor periodically remits to itself its share of the taxes collected. The County records receipt of these taxes in various funds.

Accrued property taxes receivable represent delinquent taxes outstanding and real, tangible personal, and public utility taxes that were measurable and unpaid as of December 31, 2010. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31 and are not intended to finance 2010 operations. The receivable is therefore offset by a credit to deferred revenue.

The full tax rate for all County operations for the year ended December 31, 2010, was \$8.00 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2010 property tax receipts were based are as follows:

| Category                | Assessed Value |
|-------------------------|----------------|
| Real estate:            |                |
| Agriculture             | \$ 95,558,890  |
| Residential             | 248,188,270    |
| Commercial              | 117,350,050    |
| Industrial              | 5,009,350      |
| Minerals                | 446,320        |
| Total real estate       | 466,552,880    |
| Personal property:      |                |
| General                 | 613,520        |
| Public utilities        | 228,717,340    |
| Total personal property | 229,330,860    |
| Total assessed values   | \$ 695,883,740 |

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

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**NOTE 12 - PERMISSIVE SALES TAX**

In 1967, in accordance with Section 5739.02 of the Ohio Revised Code, counties were authorized to levy an excise tax of one half to one percent. The tax must be levied pursuant to a resolution of the County Commissioners and a copy of the resolution sent to the Tax Commissioner not later than 60 days prior to the effective date of the tax.

The Tax Commissioner shall, within forty-five days after the end of each month, certify to the Director of Budget and Management the amount of the proceeds of such tax or taxes paid to the Treasurer of State during that month to be returned to the County. The director then provides for payment to the County Treasurer on or before the twentieth day of the month in which the certification is made.

On November 17, 1981, the County Commissioners adopted by resolution a one half percent permissive sales tax as allowed by Sections 5739.026 and 5741.023, Revised Code. On December 29, 1994, the County Commissioners, by recommendation of the State of Ohio Tax Commissioner, repealed one quarter of one percent of the one half of one percent permissive sales tax under Revised Code Sections 5739.026 and 5741.023 and replaced it with a one quarter of one percent under Revised Code Section 5739.021. On March 5, 1987, the County Commissioners adopted by resolution a proposal for an additional one half percent permissive sales tax as allowed by Sections 5705.026 and 5705.023, Revised Code, which was voted upon at a special election held on May 5, 1987, at which time the proposal passed. On August 18, 1994, the County Commissioners adopted by resolution a proposal for an additional one quarter of one percent sales and use tax, for the implementation of 9-1-1 for Gallia County, as allowed by Sections 5739.026 and 5741.023 of the Revised Code, which was voted upon on November 8, 1994, at which time the proposal passed. This item is approved for periods of five years. The most recent renewal was approved on November 16, 2009. In 2010, the General Fund received \$3,258,247 and the 9-1-1 Special Revenue Fund received \$814,520 in sales and use tax revenue. Sales and use tax revenue is recognized when it is measurable and available.

**NOTE 13 - ACCOUNTABILITY AND COMPLIANCE**

**A. Accountability**

The following funds had deficit fund balances as of December 31, 2010:

|   |          |
|---|----------|
| Major fund:   |          |
| Community Development Block Grant                                   | \$ 8,870 |
| Nonmajor special revenue funds:                                     |          |
| Child Support Enforcement   | 15,155   |
| Title IV-D Prosecutor   | 3,359    |
| Sheriff's Overtime Grant FY 10                                      | 2,782    |
| Sheriff's Overtime Initiative FY '10                                | 249      |
| Common Pleas Dispute Resolute                                       | 436      |
| State Homeland Security Program (SHSP) Grant                        | 40,587   |
| ARRA Sheriff Proactive Enforcement Grant                            | 30,118   |
| Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) |          |
| Program Domestic Violence Enforcement                               | 71       |
| 2010 FAA Airport Grant  | 2,914    |

The deficits in these funds are the result of the application of accounting principles generally accepted in the United States of America and the requirement to accrue liabilities when incurred. The General Fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. These deficits do not exist on the cash basis.

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

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**NOTE 14 - RISK MANAGEMENT**

The County is exposed to various risks of loss related to torts, theft or damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During 2010, the County contracted with County Risk Sharing Authority (CORSA), a jointly governed organization, for liability, property, and crime insurance. The CORSA program has a \$2,500 deductible.

Coverage provided by the program is as follows:

*Property:*

|   |               |
|---|---------------|
| Buildings and contents  | \$ 63,280,270 |
| Blanket coverage (\$100,000,000 annual aggregate pool limit for flood and earthquake) |               |

*Liability:*

|                                 |              |
|---------------------------------|--------------|
| General liability               | \$ 1,000,000 |
| Errors and omissions            | 1,000,000    |
| Law enforcement                 | 1,000,000    |
| Excess liability                | 5,000,000    |
| Automobile                      | 1,000,000    |
| Uninsured/underinsured motorist | 250,000      |

Settlement amounts on claims have not exceeded insurance coverage in any of the past three years. There have been no significant reductions in insurance coverage from the prior year.

Workers' compensation benefits are provided through the State Bureau of Workers' Compensation. The County pays all elected officials' bonds by statute. Vision coverage is provided by Vision Service Plan.

The County also provides medical, prescription drug, dental, and life insurance coverage for those employees who choose to participate through a plan with Medical Mutual.

The Plan is a high deductible plan which is self funded to a lower deductible amount to the employees. The premiums are paid by the employees and from each of the respective funds from which the employee is paid.

**NOTE 15 - DEFINED BENEFIT RETIREMENT PLANS**

**A. Ohio Public Employees Retirement System**

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

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law enforcement and public safety employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll. For the year ended December 31, 2010, members in state and local classifications contributed 10 percent of covered payroll while public safety and law enforcement members contributed 10.1 percent. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. For 2010, member and employer contribution rates were consistent across all three plans.

The County's 2010 contribution rate was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the County's contribution was 17.87 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010. Employer contribution rates are actuarially determined.

The County's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2010, 2009, and 2008 were \$1,540,742, \$1,567,883, and \$1,595,181, respectively. For 2010, 90 percent has been contributed with the balance being reported as a liability in the respective funds. The full amount has been contributed for 2009 and 2008.

**B. State Teachers Retirement System**

Plan Description - Certified teachers, employed by the School for Developmental Disabilities, contribute to the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. 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 East Broad Street, Columbus, Ohio 43215-3771, by calling 888-227-7877, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org).

**NOTE 15 - DEFINED BENEFIT RETIREMENT PLANS** *(Continued)*

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 times an actuarially determined annuity factor. The DC plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The combined plan offers features of both the DC plan and the DB plan. In the combined plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB plan. The DB portion of the combined plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy - For the fiscal year ended June 30, 2010, plan members were required to contribute 10 percent of their annual covered salaries. The County was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2008, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The County's required contributions for pension obligations to STRS Ohio for the years ended December 31, 2010, 2009, and 2008 were \$81,253, \$86,365, and \$96,595, respectively; 96 percent has been contributed for 2010 and 100 percent for fiscal years 2009 and 2008. Of the 2010 amount, \$6,969 representing the unpaid contribution for 2009 is recorded as a liability within the respective funds.

**NOTE 16 - POSTEMPLOYMENT BENEFITS**

**A. Ohio Public Employees Retirement System**

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

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for 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. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

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

**NOTE 16 - POSTEMPLOYMENT BENEFITS** *(Continued)*

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 17.87 percent. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law and public safety employer units.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The County's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2010, 2009, and 2008 were \$584,707, \$660,011, and \$719,667 respectively. For 2010, 90 percent has been contributed with the balance being reported as a liability. The full amount has been contributed for 2009 and 2008.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year from 2006 to 2008. Rates for law enforcement 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 of Ohio**

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2010, STRS Ohio allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. The County's contributions for health care for the years ended December 31, 2010, 2009, and 2008 were \$5,804, \$6,163, and \$6,899, respectively; 96 percent has been contributed for 2010. The full amount has been contributed for 2009 and 2008.



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

**NOTE 17 - ADDITIONAL DISCLOSURES FOR DISCRETELY PRESENTED COMPONENT UNITS**

**A. Measurement Focus and Basis of Accounting**

Gallco Industries, Inc. uses fund accounting to report on their operations and uses the full accrual basis of accounting as set forth in SFAS No. 117 for non-profit corporations. Gallia-Meigs Regional Airport uses fund accounting to report on their operations and uses the cash basis of accounting that is then converted to accrual accounting at year end.

**B. Budgetary Basis of Accounting**

Budgetary information for the discretely presented component units is not presented because they are not included in the entity for which the "appropriated budget" is adopted and do not maintain separate budgetary financial records. The fund in which the Gallia-Meigs Regional Airport is maintained is included in the County's appropriation resolutions and certificates of estimated resources.

**C. Capital Assets**

Property and equipment for the component units are stated at historical cost and are updated for the costs of additions and retirements during the year. Donated capital assets have been recorded at the fair market value at the date of the gift.

The assets for Gallco Industries, Inc. are depreciated on a straight line basis using the following estimated useful lives:

| Category                          | Estimated Life |
|-----------------------------------|----------------|
| Buildings and Improvements        | 20-40 years    |
| Furniture, fixtures and equipment | 10 years       |

A summary of changes in capital assets during 2010 for Gallco Industries, Inc. were as follows:

|                                   | Beginning<br>Balance* | Increases   | Decreases | Ending<br>Balance |
|-----------------------------------|-----------------------|-------------|-----------|-------------------|
| Depreciable capital assets:       |                       |             |           |                   |
| Furniture, fixtures and equipment | \$ 252,592            | \$ -        | \$ -      | \$ 252,592        |
| Accumulated depreciation:         |                       |             |           |                   |
| Furniture, fixtures and equipment | (106,968)             | (26,158)    | -         | (133,126)         |
| Capital assets, net               | \$ 145,624            | \$ (26,158) | \$ -      | \$ 119,466        |

\* As restated, see Note 25.

The assets for Gallia-Meigs Regional Airport are depreciated on a straight line basis using the following estimated useful lives:

| Category                          | Estimated Life |
|-----------------------------------|----------------|
| Buildings and improvements        | 20-40 years    |
| Furniture, fixtures and equipment | 10 years       |

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

**NOTE 17 - ADDITIONAL DISCLOSURES FOR DISCRETELY PRESENTED COMPONENT UNITS**  
*(Continued)*

A summary of changes in capital assets during 2010 for Gallia-Meigs Regional Airport were as follows:

|                                   | Beginning           |                   |                  | Ending              |
|-----------------------------------|---------------------|-------------------|------------------|---------------------|
|                                   | <u>Balance</u>      | <u>Increases</u>  | <u>Decreases</u> | <u>Balance</u>      |
| Nondepreciable capital assets:    |                     |                   |                  |                     |
| Construction in Progress          | \$ -                | \$ 241,657        | \$ -             | \$ 241,657          |
| Depreciable capital assets:       |                     |                   |                  |                     |
| Buildings and improvements        | 1,536,442           | -                 | -                | 1,536,442           |
| Furniture, fixtures and equipment | 14,234              | -                 | -                | 14,234              |
| Total depreciable capital assets  | <u>1,550,676</u>    | <u>-</u>          | <u>-</u>         | <u>1,550,676</u>    |
| Accumulated depreciation:         |                     |                   |                  |                     |
| Buildings and improvements        | (422,081)           | (55,709)          | -                | (477,790)           |
| Furniture, fixtures and equipment | (4,678)             | (1,666)           | -                | (6,344)             |
| Total accumulated depreciation    | <u>(426,759)</u>    | <u>(57,375)</u>   | <u>-</u>         | <u>(484,134)</u>    |
| Depreciable Capital Assets, Net   | <u>1,123,917</u>    | <u>(57,375)</u>   | <u>-</u>         | <u>1,066,542</u>    |
| Capital assets, net               | <u>\$ 1,123,917</u> | <u>\$ 184,282</u> | <u>\$ -</u>      | <u>\$ 1,308,199</u> |

**NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS**

**A. Joint Solid Waste Management District**

The County is a member of a multi-county Joint Solid Waste Management District (District), which is a jointly governed organization involving Gallia, Jackson, Vinton and Meigs Counties. The purpose of the District is to plan and implement comprehensive and environmentally sound solid waste management facilities and provide for the establishment of waste minimization, waste reduction, and recycling programs. The District was created in 1989, as required by the Ohio Revised Code.

The Gallia, Jackson, Vinton and Meigs Solid Waste District is governed and operated through three groups. A twelve member board of directors, comprised of three commissioners from each county, is responsible for the District's financial matters. Financial records are maintained by the District. The District's sole revenue source is a waste disposal fee for in-district and out-of-district waste. A twenty-five member policy committee comprised of six members from each county and one at-large member appointed by the policy committee, is responsible for preparing the solid waste management plan of the District in conjunction with a Technical Advisory Council whose members are appointed by the policy committee. Each participating county's influence is limited to the number of members each appoints to the board. Continued existence of the District is not dependent on the County's continued participation, no equity interest exists, and no debt is outstanding.

**NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS** *(Continued)*

**B. Gallia-Jackson-Meigs Counties Board of Alcohol, Drug Addiction and Mental Health Services (ADAMH)**

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

All of the Board's revenue is from state and federal grants awarded to the multi-county board. Since Gallia County serves as the fiscal agent for the Board, the financial activity is presented as an agency fund. Continued existence of the Board is not dependent of the County's continued participation, no debt exists, and the County does not have an equity interest in the Board. During 2010, the County made no contributions to the Board.

**C. Gallia-Jackson-Meigs Counties Cluster**

Gallia, Jackson and Meigs Counties Cluster provides services to multi-need youth in Gallia, Jackson and Meigs Counties. Members of the Cluster include Gallia, Jackson and Meigs Counties Board of Alcohol Drug Addiction and Mental Health Services, Gallia County Children Services, Gallia County Juvenile Court, Gallipolis City Schools, Gallia County Schools, the regional office of the Department of Youth Services, Gallia County Board of Developmental Disabilities, TASC (Treatment Alternative to Street Crime) of Southeast Ohio, Health Recovery Services-Bassett House, Bureau of Vocational Rehabilitation and the Family Addiction Community Treatment Services. The operation of the Cluster is controlled by an advisory committee which consists of at least one representative from each agency. State grants are received in the name of the Cluster. The continued existence of the Cluster is not dependent on the County's continued participation and no equity interest exists. The Cluster has no outstanding debt.

**D. Area Agency on Aging District 7, Inc.**

The Area Office on Aging is a regional council of governments that assists ten counties, including Gallia County, in providing services to senior citizens in the Council's service area. The Council is governed by a fifteen member board of directors. The Gallia County Commissioners along with other county organizations can nominate new board members, but they must be representatives of local community service organizations. At least one-half of the board must be over the age of fifty-five. The board has total control over budgeting, personnel and all other financial matters. The continued existence of the Council is not dependent on the County's continued participation and no equity interest exists. The Council has no outstanding debt.

**E. Ohio Valley Resource Conservation and Development Area, Inc.**

The Ohio Valley Resource Conservation and Development Area, Inc. is a jointly governed organization that is operated as a non-profit corporation. The Ohio Valley Resource Conservation and Development Area, Inc. was created to aid regional planning to participating counties. Gallia County, along with Ross, Vinton, Highland, Brown, Adams, Pike, Jackson, Scioto and Lawrence Counties each appoint three members to the thirty member Council. The Council selects an administrator to oversee operations. The County paid \$500 to the Ohio Valley Resource Conservation and Development Area in 2010.

**NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS** *(Continued)*

**F. Southeastern Ohio Corrections Commission**

The Southeastern Ohio Corrections Commission was formed for the purpose of planning to build a community jail through State funding. The Commission consists of Gallia, Jackson, and Meigs Counties. The State funding did not become available but the Commission has remained together in the case there would be any new grants to apply for in the future. The Commission consists of nine members which includes the President of the Commissioners, the Common Pleas Judge, and the Sheriff from each county. The Commission's fiscal agent will be the County Auditor of the County in which the jail is placed. The County made no contributions to the Commission in 2010, and the Commission is not dependent on the County's continued participation.

**G. Gallia-Meigs Community Action Agency**

The Gallia-Meigs Community Action Agency is a non-profit corporation organized to plan, conduct and coordinate programs designed to combat social and economic problems and to help eliminate conditions of poverty within Gallia and Meigs Counties. The agency is governed by an eighteen member board which consists of three commissioners from each county, three business owners from each county, and three low income individuals elected by each county. The three business owners are nominated by other local business owners and the three low income individuals are nominated by local town council meetings. The agency received federal and state monies which are applied for and received by, and in the name of, the Board of Directors. The Gallia County Commissioners apply for the Community Housing Improvement Program Grant and the HOME Grant which are administered and implemented by the Community Action Agency. The County is the fiscal agent of the grant, but the grants are used by the Community Action Agency to improve low income family housing in Gallia County. Community Action contracts for expenses that relate to the grants and then the County Commissioners issue the payments. The Board exercises total control of the budgeting, appropriation, contracting and management. Continued existence of the Community Action Agency is not dependent upon the County's continued participation, nor does the County have an equity interest in the agency. The agency is not accumulating significant financial resources and is not experiencing fiscal distress that may cause an additional financial benefit to or burden on the County.

**H. Gallia-Jackson Child Abuse and Neglect Advisory Board**

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

**I. Ohio Valley Regional Development Commission**

The Ohio Valley Regional Development Commission is a jointly governed organization that serves a twelve county economic development planning district in southern Ohio. The Commission was formed to influence favorably the future economic, physical and social development of Adams, Brown, Clermont, Fayette, Gallia, Highland, Jackson, Lawrence, Pike, Ross, Scioto, and Vinton Counties. Membership is comprised of elected and appointed county, municipal and township officials or their officially appointed designees, as well as members of the private sector, community action agencies and regional planning commissions. The Commission is not dependent upon Gallia County for its existence. In 2010, the County paid \$5,255 to the Ohio Valley Regional Development Commission for membership.

**NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS** *(Continued)*

**J. Southern Ohio Council of Governments**

The County is a member of the Southern Ohio Council of Governments (the “Council”), which is a jointly governed organization created under Ohio Revised Code Section 167.01. The governing body consists of a thirteen member board with each participating County represented by its Director of its Board of Developmental Disabilities. Member counties include: Adams, Athens, Brown, Fayette, Gallia, Highland, Jackson, Lawrence, Pickaway, Pike, Ross, Scioto, and Vinton Counties. The Council acts as fiscal agent for the Gallia County Board of Developmental Disabilities’ supportive living program monies. The activity and cash balances associated with these activities are reported within the Board of Developmental Disabilities Fund in the accompanying financial statements. Financial statements can be obtained by writing to the Southern Ohio Council of Governments, VA Medical Center, Building 8, 17273 State Route 104, Chillicothe, Ohio, 45601. In 2010, the County paid \$48,450 to the Southern Ohio Council of Governments for contract services.

**NOTE 19 - RELATED ORGANIZATIONS**

**A. O.O. McIntyre Park District**

The County Probate Judge is responsible for appointing the three-member board of the O. O. McIntyre Park District. Removal of the members requires due process. The County has no ability to impose its will on the organization nor is a burden/benefit relationship in existence. The Park District has a one-half mill property tax that is collected by Gallia County and then transferred into the Park District agency fund. In addition, the Park District receives 1 percent of the County’s share of Undivided Local Government Revenue Assistance and State income taxes. These items totaled \$10,306 in 2010. The District is its own budgeting and taxing authority and has no outstanding debt. The County Auditor serves as the fiscal agent for the District; therefore, the financial activity is reflected in the Park District County agency fund.

**B. Bossard Memorial Library**

The Bossard Memorial Library is statutorily created as a separate and distinct political subdivision of the State. Four trustees of the Library are appointed by the County Commissioners, and three trustees are appointed by the judges of the Common Pleas Court. The Library has a 1.3 mill property tax that is collected by Gallia County into the Library agency fund. Although the County collects and distributes the tax, this function is strictly ministerial and the County provides no contributions of its own. The board of trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the County for operational subsidies. Due process is required to remove board members.

**C. Gallia Metropolitan Housing Authority**

The Gallia Metropolitan Housing Authority is a nonprofit organization established to provide adequate public housing for low income individuals and was created pursuant to State statutes. The Authority is operated by a five member board. Two members are appointed by the City of Gallipolis, one member is appointed by the probate court judge, one member is appointed by the common pleas court judge, and one member is appointed by the County Commissioners. The Authority receives funding from the Federal Department of Housing and Urban Development. The board sets its own budget and selects its own management, and the County is not involved in the management or operation. The County is not financially accountable for the Authority.

**NOTE 20 - SHARED RISK POOLS**

**County Risk Sharing Authority (CORSA)**

The County Risk Sharing Authority, Inc. (CORSA) is a jointly governed organization among thirty-nine 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 coverage provided by CORSA. This coverage includes 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 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. CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payment of the certificates. CORSA is not dependent upon Gallia County for its continued existence, nor does the County have an equity interest in CORSA. The County's payment for insurance to CORSA in 2010 was \$181,546.

**County Commissioners Association of Ohio Workers' Compensation Group Rating Plan**

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

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

**NOTE 21 - RELATED PARTY TRANSACTION**

During 2010, Gallia County provided facilities, certain equipment, transportation and salaries for administration, implementation and supervision of its programs to Gallco Industries, Inc., a discretely presented component unit of Gallia County. Rehabilitative services provided directly to clients of Gallco Industries by the County amounted to \$87,138.

During 2010, the County appropriated and paid \$20,000 to the Gallia-Meigs Regional Airport, a discretely presented component unit of Gallia County which is classified as operating grants and contributions on the statement of activities.

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

**NOTE 22 - GALLIA COUNTY LANDFILL**

In 1978 Gallia County established the Gallia County Sanitary Landfill. The County contracted with Greg Fields to operate the landfill when it opened. In 1991 Mid-American Waste Systems, Inc. (Mid-American) purchased Greg Fields' business. At this time Gallia County operated the landfill on its own for a three month period until the County signed the lease agreement with Mid-American in June 1991. In 2001 the County signed the current lease agreement with USA Waste Services, Inc. (Waste Management). The lease agreement states that Waste Management is the operator of the landfill and that the County is to receive a portion of the landfill fees. The lease also states that Waste Management will comply with Ohio Environmental Protection Agency (EPA) closure and post closure requirements; therefore, Waste Management is responsible for these costs unless the County does not renew the lease agreement. The EPA department issued a Sub-Title D that states that landfill operators are to purchase a Financial Assurance Bond for the closure and post closure costs and Waste Management has met the requirement.

**NOTE 23 - DECLINING MORTGAGE LOANS**

Gallia County administers a loan program with funds provided by the U.S. Department of Housing and Urban Development, through the Ohio Department of Development, Office of Housing and Community Partnerships. The purpose of this program is to provide loans to low and moderate income families for home improvements. Loans are provided as declining mortgage loans with the intent that they do not have to repay 85% of the loan (85% of the loan released at the end of either a 5 or 10 year period), unless they would sell the residence before the 5 or 10 year period ended. The remaining 15% would remain as a mortgage to the property until such time as the owner either pays it off or sells the property. When the owner repays the remaining 15%, these monies are deposited into the County's Housing Program Income Fund and then used as a match to current Home Investment Partnerships Program Grants. As of December 31, 2010 the total amount of loans outstanding was \$140,944. Due to the nature of these loans, they do not constitute a receivable or pledge and the loans accordingly have not been reported in the accompanying basic financial statements.

**NOTE 24 - CONTINGENT LIABILITIES**

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Based on prior experience, the County Commissioners believe such disallowances, if any, will be immaterial. Several claims and lawsuits are pending against the County. In the opinion of the County Prosecuting Attorney, any potential liability would not have a material adverse effect on the basic financial statements.

**NOTE 25 – RESTATEMENT OF NET ASSETS**

The capital assets of the County were overstated in the previous year. The County obtained and updated their own capital asset inventory system. These restatements had the following effect on beginning net assets:

|                                      | Governmental<br>Activities | Business-Type<br>Activities | Other<br>Enterprise<br>Funds |
|--------------------------------------|----------------------------|-----------------------------|------------------------------|
| Net Assets, December 31, 2009        | \$ 28,669,469              | \$ 5,695,102                | \$353,328                    |
| Restatement for capital assets       | (578,145)                  | 5,096                       | 5,096                        |
| Restated Net Assets, January 1, 2010 | \$ 28,091,324              | \$ 5,700,198                | \$358,424                    |

**Component Unit**

Gallco Industries restated their beginning balance by the amount of \$7,095 due to an error in their capital asset depreciation.

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

**NOTE 26 – CONTRACT COMMITMENTS**

The Gallia County Commissioners had the following contracts outstanding as of December 31, 2010:

| Contractor                               | Contract Amount | Amount Paid at 12/31/10 | Balance 12/31/10 |
|--|-----------------|-------------------------|------------------|
| Trimat Construction – KA Sewer           | \$3,806,685     | \$2,680,359             | \$1,126,326      |
| Stantec – Engineering – KA Sewer         | 667,400         | 615,910                 | 51,495           |
| Trimat Construction – MV Sewer           | 483,312         | 380,752                 | 102,560          |
| Stantec – Engineering – MV Sewer         | 127,204         | 125,885                 | 1,319            |
| SJM Construction – Spec Building         | 488,357         | 309,042                 | 179,315          |
| United Survey – Tara Estates Sewer Rehab | 163,553         | 0                       | 163,553          |
| PDK Construction – Guardrail Project     | 238,441         | 0                       | 238,441          |
| Scioto Valley Precast – Box Culvert      | 98,950          | 0                       | 98,950           |
| Shelly Company – Paving Project          | 234,535         | 0                       | 234,535          |

**NOTE 27 – CHANGE IN ACCOUNTING PRINCIPLES**

For 2010, the County has implemented Governmental Accounting Standards Board (GASB) Statement No. 57, “OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans,” and Statement No. 58, “Accounting and Financial Reporting for Chapter 9 Bankruptcies.”

GASB Statement No. 57 addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers). The requirements in this Statement will allow more agent employers to use the alternative measurement method to produce actuarially based information for purposes of financial reporting and clarify that OPEB measures reported by agent multiple-employer OPEB plans and their participating employers should be determined at the same minimum frequency and as of a common date to improve the consistency of reporting with regard to funded status and funding progress information. The implementation of this statement did not result in any change in the County’s basic financial statements.

GASB Statement No. 58 provides accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. The requirements in this statement will provide more consistent recognition, measurement, display and disclosure guidance for governments that file for Chapter 9 bankruptcy. The implementation of this statement did not result in any change in the County’s basic financial statements.

**NOTE 28 – SUBSEQUENT EVENTS**

On February 17, 2011, the Commissioners approved signing a supplemental WPCLF loan form for an additional \$100,000 in 0% WPCLF loan funds.

On April 14, 2011, the Commissioners approved OWDA Cooperative Agreement to increase the Green Sewer Design Loan by \$163,000.

On April 14, 2011, the Commissioners approved a change order for the Spec Building Project for \$106,795, which includes pouring concrete floor, installation of a 600-amp main breaker, and installation of underground conduit.

On April 21, 2011, the Commissioners approved contracting with Quickmow Inc. for the 2011 Gallia County Roadside Mowing Project at a cost of \$159,686.80.



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

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**NOTE 28 – SUBSEQUENT EVENTS** *(Continued)*

On April 28, 2011, the Commissioners approved entering into a 20 year lease to purchase agreement with Ohio Valley Trackwork for the County's Industrial Park Speculative Building. On September 1, 2011, the Commissioners approved an addendum to the lease agreement for requested change orders totaling \$112,487. The result was a total building cost of \$749,987 and lease administrative fee of \$149,998. The monthly lease and administrative payment fee are to be paid to the Gallia County Board of Commissioners on the first day of each month with the first monthly payment amount of \$3,748.74 and subsequent monthly payment amounts of \$3,749.94.

On May 12, 2011, the Commissioners approved signing an OPWC letter of acceptance for funding of the Williams Hollow Slip Repair Project. The grant will provide \$182,506 with the remaining \$45,626 to be paid from the Gallia County Motor Vehicle and Gas Tax Fund. On June 23, 2011, the Commissioners approved awarding the contract for this project to U.S. Bridge.

On May 26, 2011, the Commissioners approved contracting with the Shelly Company for the County Paving Project at \$118,820.90.

On July 7, 2011, the Commissioners, approved and signed the OPWC grant agreement pertaining to the 2011 County Engineer Road Improvement Project which provides \$550,000 in grant monies in addition to \$595,026 in Gallia County Motor Vehicle and Gas Tax funding.

On July 7, 2011, the Commissioners approved the Pavement Marking Project bid of \$129,961 from Mar-King Construction.

On July 7, 2011, the Commissioners approved an additional loan of \$500,000 through OWDA for the KA Sewer project. The loan was awarded to Gallia County on July 28, 2011.

On July 7, 2011, the Commissioners approved contracting with Shelly Company for Issue I Paving for \$1,041,276.30.

On July 14, 2011, the Commissioners approved a change order, which increased the Trimat Contract for the KA Sewer from \$3,806,685 to \$4,154,831.49.

On July 21, 2011, the Commissioners approved contracting with Hoon Inc. for the CDBG Formula Grant Ohio Township Fire Substation Project Grant for \$140,238. This was increased to \$155,206 by the Commissioners on August 11, 2011.

On August 18, 2011, the Commissioners awarded the bid for the Airport Fuel Farm Project to Thompson Petroleum Inc for a total of \$342,300 contingent upon receipt of a grant from the Federal Aviation Administration (FAA) for the project. On August 18, 2011, the Commissioners approved the Final FY 2011 FAA Vision-100 grant application for a federal amount of \$364,853 which would require a local match amount of \$19,203.

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GALLIA COUNTY

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

| FEDERAL GRANTOR/<br>Pass Through Grantor<br>Program Title   | Pass Through<br>Entity's<br>Number | Federal<br>CFDA<br>Number | Disbursements |
|---|------------------------------------|---------------------------|---------------|
| <b><u>UNITED STATES DEPARTMENT OF AGRICULTURE</u></b>   |                                    |                           |               |
| <i>Passed through Ohio Department of Education:</i>   |                                    |                           |               |
| Child Nutrition Cluster:  |                                    |                           |               |
| School Breakfast Program  | 070615-05PU-2010                   | 10.553                    | \$5,778       |
|   | 070615-05PU-2011                   |                           | 3,225         |
| Total School Breakfast Program  |                                    |                           | 9,003         |
| National School Lunch Program   | 070615-LLP4-2010                   | 10.555                    | 9,225         |
|   | 070615-LLP4-2011                   |                           | 4,906         |
| Total National School Lunch Program   |                                    |                           | 14,131        |
| Total Child Nutrition Cluster   |                                    |                           | 23,134        |
| ARRA-Child Nutrition Discretionary Grants Limited Availability  | 2010                               | 10.579                    | 2,520         |
| <i>Passed through Ohio Department of Job and Family Services:</i>   |                                    |                           |               |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program                    | G-1011-11-5039                     | 10.561                    | 178,203       |
| ARRA - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program             | G-1011-11-5039                     |                           | 19,381        |
| Total Supplemental Nutrition Assistance Program   |                                    |                           | 197,584       |
| <i>Direct from Federal Government:</i>  |                                    |                           |               |
| Water and Waste Disposal Systems for Rural Communities - grant  | N/A                                | 10.760                    | 131,513       |
| Water and Waste Disposal Systems for Rural Communities - loan   |                                    |                           | 1,471,303     |
| Total Water and Waste Disposal Systems for Rural Communities  |                                    |                           | 1,602,816     |
| Total U.S. Department of Agriculture  |                                    |                           | 1,826,054     |
| <b><u>UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>                                   |                                    |                           |               |
| <i>Passed through Ohio Department of Development:</i>   |                                    |                           |               |
| Community Development Block Grants/State's Program  |                                    |                           |               |
| Water and Sanitary Sewer Competitive Grant Program  | B-W-08-1AY-1                       | 14.228                    | 403,540       |
| Neighborhood Stabilization Program (NSP) Grant  | B-Z-08-075-1                       | 14.228                    | 129,787       |
| Community Development Program   | B-F-09-1AY-1                       | 14.228                    | 150,535       |
| Community Housing Improvement Program   | B-C-09-1AY-1                       | 14.228                    | 55,895        |
| ARRA - Water and Sanitary Sewer Program   | B-R-09-1AY-1                       | 14.255                    | 399,533       |
| Community Development Program   | B-F-10-1AY-1                       | 14.228                    | 1,542         |
| CDBG Revolving Loans  | B-E-98-025-1                       | 14.228                    | 1,680         |
| Total Community Development Block Grants/State's Program  |                                    |                           | 1,142,512     |
| Home Investment Partnerships Program  |                                    |                           |               |
| Community Housing Improvement Program   | B-C-09-1AY-2                       | 14.239                    | 193,640       |
| Total U.S. Department of Housing and Urban Development  |                                    |                           | 1,336,152     |
| <b><u>UNITED STATES DEPARTMENT OF THE INTERIOR</u></b>  |                                    |                           |               |
| <i>Direct from Federal Government:</i>  |                                    |                           |               |
| Payments in Lieu of Taxes   | N/A                                | 15.226                    | 6,296         |
| Total U.S. Department of the Interior   |                                    |                           | 6,296         |
| <b><u>UNITED STATES DEPARTMENT OF JUSTICE</u></b>   |                                    |                           |               |
| <i>Direct from Federal Government:</i>  |                                    |                           |               |
| Bulletproof Vest Partnership Program  | N/A                                | 16.607                    | 3,190         |
| ARRA-Assistance to Rural Law Enforcement to Combat Crime and Drugs Competitive Grant Program              | 2009-SD-B9-0031                    | 16.810                    | 94,053        |
| <i>Passed through the Ohio Department of Youth Services:</i>  |                                    |                           |               |
| Juvenile Accountability Block Grant   | 2007-JB-009-B076                   | 16.523                    | 15,000        |
| <i>Passed through the Ohio Department of Public Safety:</i>   |                                    |                           |               |
| Edward Byrne Memorial Justice Assistance Grant Program Cluster  |                                    |                           |               |
| Edward Byrne Memorial Justice Assistance Grant Program  | 2009-JG-LLE-5214                   | 16.738                    | 11,986        |
| ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories      | 2009-RA-A02-2275                   | 16.803                    | 36,323        |
| <i>Direct from Federal Government:</i>  |                                    |                           |               |
| ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants To Units of Local Government | 2009-SB-B9-2216                    | 16.804                    | 568           |
| Total Edward Byrne Memorial Justice Assistance Grant Program Cluster                                      |                                    |                           | 48,877        |
| Total United States Department of Justice   |                                    |                           | 161,120       |

**GALLIA COUNTY**  
**FEDERAL AWARDS EXPENDITURES SCHEDULE**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**  
**(Continued)**

| FEDERAL GRANTOR/<br>Pass Through Grantor<br>Program Title       | Pass Through<br>Entity's<br>Number | Federal<br>CFDA<br>Number | Disbursements  |
|---|------------------------------------|---------------------------|----------------|
| <b><u>UNITED STATES DEPARTMENT OF LABOR</u></b>                 |                                    |                           |                |
| <i>Passed Through Workforce Investment Act Area 7:</i>          |                                    |                           |                |
| Workforce Investment Act (WIA) Cluster:                         |                                    |                           |                |
| WIA Adult Program   | N/A                                | 17.258                    | \$172,669      |
| WIA Adult Program Administrative                                |                                    |                           | 883            |
| Total WIA Adult Program   |                                    |                           | <u>173,552</u> |
| ARRA - WIA Adult Program  |                                    | 17.258                    | 31,304         |
| WIA Youth Activities  |                                    | 17.259                    | 209,149        |
| WIA Youth Activities Administrative                             |                                    |                           | 718            |
| Total WIA Youth Activities                                      |                                    |                           | <u>209,867</u> |
| ARRA - WIA Youth Activities                                     |                                    | 17.259                    | 10,194         |
| ARRA - WIA Youth Activities Administrative                      |                                    |                           | 1,047          |
| Total ARRA - WIA Youth Activities                               |                                    |                           | <u>11,241</u>  |
| WIA Dislocated Workers  |                                    | 17.260                    | 45,013         |
| WIA Dislocated Workers Administrative                           |                                    |                           | 2,082          |
| Total WIA Dislocated Workers                                    |                                    |                           | <u>47,095</u>  |
| ARRA - WIA Dislocated Workers                                   |                                    | 17.260                    | 2,831          |
| ARRA - WIA Dislocated Workers - Rapid Response                  |                                    |                           | 99,992         |
| Total ARRA - WIA Dislocated Workers                             |                                    |                           | <u>102,823</u> |
| Total Workforce Investment Act (WIA) Cluster                    |                                    |                           | <u>575,882</u> |
| Total United States Department of Labor                         |                                    |                           | 575,882        |
| <b><u>UNITED STATES DEPARTMENT OF TRANSPORTATION</u></b>        |                                    |                           |                |
| <i>Direct from the Federal Government:</i>                      |                                    |                           |                |
| Airport Improvement Program                                     | 3-39-0101-0708                     | 20.106                    | 23,440         |
|   | 3-39-0101-0910                     |                           | 18,453         |
| Total Airport Improvement Program                               |                                    |                           | <u>41,893</u>  |
| <i>Passed Through Ohio Department of Transportation:</i>        |                                    |                           |                |
| Highway Planning and Construction                               | PID75878                           | 20.205                    | 467,040        |
|   | PID87063                           |                           | 107,084        |
|   | PID87414                           |                           | 50,000         |
|   | PID87665                           |                           | 15,500         |
| Total Highway Planning and Construction                         |                                    |                           | <u>639,624</u> |
| <i>Passed Through Ohio Department of Public Safety:</i>         |                                    |                           |                |
| Highway Safety Cluster:   |                                    |                           |                |
| State and Community Highway Safety                              | HVEO-2010-27-00-00-00306-00        | 20.600                    | 8,142          |
|   | HVEO-2011-27-00-00-00375-00/01     |                           | 1,681          |
| Total State and Community Highway Safety                        |                                    |                           | <u>9,823</u>   |
| Alcohol Impaired Driving Countermeasures Incentive Grants I     | HVEO-2010-27-00-00-00306-00        | 20.601                    | 8,142          |
|   | HVEO-2011-27-00-00-00375-00/01     |                           | 1,681          |
| Total Alcohol Impaired Driving Countermeasures Incentive Grants |                                    |                           | <u>9,823</u>   |
| State Traffic Safety Information System Improvements Grants     | GG-2010-27-00-00-00877-00          | 20.610                    | 90,000         |
| Total Highway Safety Cluster                                    |                                    |                           | <u>109,646</u> |
| Total United States Department of Transportation                |                                    |                           | 791,163        |
| <b><u>UNITED STATES DEPARTMENT OF EDUCATION</u></b>             |                                    |                           |                |
| <i>Passed through Ohio Department of Education:</i>             |                                    |                           |                |
| Special Education Cluster:                                      |                                    |                           |                |
| Special Education-Grants to States                              | 070615-6BSF-2011                   | 84.027                    | 10,656         |
|   | 070615-6BSF-2010                   |                           | 22,181         |
| Total Special Education-Grants to States                        |                                    |                           | <u>32,837</u>  |
| Special Education-Preschool Grants                              | 070615-PGS1-2010                   | 84.173                    | 4,623          |
|   | 070615-PGS1-2010                   |                           | 9,032          |
| Total Special Education-Preschool Grants                        |                                    |                           | <u>13,655</u>  |
| ARRA-Special Education-Grants to States                         | 2010                               | 84.391                    | 28,800         |
| ARRA-Special Education-Preschool Grants                         | 2010                               | 84.392                    | 246            |
| Total Special Education Cluster                                 |                                    |                           | <u>75,538</u>  |
| Total United States Department of Education                     |                                    |                           | 75,538         |

GALLIA COUNTY

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

| FEDERAL GRANTOR/<br>Pass Through Grantor<br>Program Title                      | Pass Through<br>Entity's<br>Number | Federal<br>CFDA<br>Number | Disbursements      |
|--|------------------------------------|---------------------------|--------------------|
| <b><u>UNITED STATES ELECTION ASSISTANCE COMMISSION</u></b>                     |                                    |                           |                    |
| <i>Passed through Ohio Secretary of State:</i>                                 |                                    |                           |                    |
| Help America Vote Act Requirements Payments                                    | HAVA Title II, 251                 | 90.401                    | \$369              |
| Total United States Election Assistance Commission                             |                                    |                           | 369                |
| <b><u>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>            |                                    |                           |                    |
| <i>Passed Through Ohio Department of Job and Family Services:</i>              |                                    |                           |                    |
| Promoting Safe and Stable Families   | G-1011-11-5040                     | 93.556                    | 55,684             |
| ARRA - Child Support Enforcement   | G-1011-11-5039                     | 93.563                    | 226,825            |
| Child Support Enforcement  | G-1011-11-5039                     | 93.563                    | 558,533            |
| Total Child Support Enforcement  |                                    |                           | 785,358            |
| Child Welfare Services - State Grants  | G-1011-11-5040                     | 93.645                    | 7,704              |
| ARRA - Foster Care Title IV-E  | G-1011-11-5040                     | 93.658                    | 8,048              |
| Foster Care Title IV-E   | G-1011-11-5040                     | 93.658                    | 136,699            |
| Foster Care Title IV-E   | G-1011-06-0418                     | 93.658                    | 47,956             |
| Total Foster Care Title IV-E   |                                    |                           | 192,703            |
| Adoption Assistance  | G-1011-11-5040                     | 93.659                    | 111,131            |
| ARRA-Adoption Assistance   | G-1011-11-5040                     | 93.659                    | 112                |
| Total Adoption Assistance  |                                    |                           | 111,243            |
| Social Services Block Grant - Title XX   | G-1011-11-5039                     | 93.667                    | 514,497            |
| Child Abuse and Neglect State Grants   | G-1011-11-5040                     | 93.669                    | 1,279              |
| Chaffee Foster Care Independence Program                                       | G-1011-11-5040                     | 93.674                    | 5,084              |
| Temporary Assistance for Needy Families  | G-1011-11-5039                     | 93.558                    | 1,436,579          |
| ARRA-Temporary Assistance for Needy Families                                   | G-1011-11-5039                     | 93.714                    | 110,790            |
| Total Temporary Assistance for Needy Families:                                 |                                    |                           | 1,547,369          |
| Child Care and Development Cluster:  |                                    |                           |                    |
| Child Care and Development Block Grant   | G-1011-11-5039                     | 93.575                    | 6,268              |
| Child Care Mandatory and Matching Funds of the Child Care and Development Fund | G-1011-11-5039                     | 93.596                    | 82,471             |
| Total Child Care and Development Cluster                                       |                                    |                           | 88,739             |
| Medical Assistance Program   | G-1011-11-5040                     | 93.778                    | 635                |
|  | G-1011-11-5039                     |                           | 384,390            |
| Total Medical Assistance Program   |                                    |                           | 385,025            |
| <i>Total Passed Through Ohio Department of Job and Family Services</i>         |                                    |                           | 3,694,685          |
| <i>Passed Through Ohio Department of Development Disabilities:</i>             |                                    |                           |                    |
| Social Services Block Grant - Title XX   | N/A                                | 93.667                    | 15,794             |
| Medical Assistance Program   | N/A                                | 93.778                    | 31,049             |
| <i>Total Passed Through Ohio Department of Development Disabilities</i>        |                                    |                           | 46,843             |
| Total United States Department of Health and Human Services                    |                                    |                           | 3,741,528          |
| <b><u>UNITED STATES DEPARTMENT OF HOMELAND SECURITY</u></b>                    |                                    |                           |                    |
| <i>Passed Through Ohio Emergency Management Agency:</i>                        |                                    |                           |                    |
| Emergency Management Performance Grants  | 2009-EP-E9-0061                    | 97.042                    | 15,174             |
|  | 2010-EP-00-0003                    |                           | 20,069             |
| Total Emergency Management Performance Grants                                  |                                    |                           | 35,243             |
| Homeland Security Grant Program  | 2008-GE-T8-0025                    | 97.067                    | 40,339             |
| Homeland Security Grant Program - Citizen Corps                                | 2007-GE-T7-0030                    |                           | 4,837              |
| Total Homeland Security Grant Program  |                                    |                           | 45,176             |
| Total United States Department of Homeland Security                            |                                    |                           | 80,419             |
| <b>TOTAL FEDERAL AWARDS EXPENDITURES</b>                                       |                                    |                           | <b>\$8,594,521</b> |

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

**GALLIA COUNTY**

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

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B – MATCHING REQUIREMENTS**

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

**NOTE C – COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS**

The County has a revolving loan fund (RLF) program to provide low-interest loans to businesses to create jobs for low to moderate income persons and also to lend money to eligible persons to rehabilitate homes. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the County, passed through the Ohio Department of Development (ODOD). The Schedule reports loans made and administrative costs as disbursements on the Schedule. The County uses loan repayments and interest received to make additional loans, which the Schedule also reports. Subsequent loans are subject to the same compliance requirements imposed by HUD as the initial loans. In addition, with the approval of ODOD, the County may use repaid monies for Community Improvement projects.

These loans are collateralized by mortgages on the property.

Activity in the CDBG revolving loan fund during 2010 is as follows:

|   |                  |
|---|------------------|
| Beginning loans receivable balance as of January 1, 2010:               | \$52,626         |
| Loans made  | 0                |
| Loan principal repaid   | (5,403)          |
| Ending loans receivable balance as of December 31, 2010:                | <u>\$47,223</u>  |
| <br>  |                  |
| Cash balance on hand in the revolving loan fund as of December 31, 2010 | \$20,341         |
| Administrative costs expended during 2010                               | 1,680            |
| Total Value of RLF Portion of the CDBG Program                          | <u>\$69,244</u>  |
| <br>  |                  |
| Other Grants Administered through the CFDA # 14.228 and 14.255 Program  | <u>1,140,832</u> |
| <br>  |                  |
| Total CDBG CFDA # 14.228 and 14.255 Program:                            | \$1,210,076      |

The table above reports gross loans receivable. Of the loans receivable as of December 31, 2010, delinquent amounts due are \$0.

In addition, the County has Declining Mortgage Loans outstanding in the amount of \$140,944. These loans are not reported on the Schedule and are also not reported on the Basic Financial Statements. See Note 23 to the Basic Financial Statements. The cash balance on hand in the Housing Program Income Fund at December 31, 2010 was \$22,284. Expenditures from the Housing Program Income Fund during 2010 were \$0.

**GALLIA COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

**NOTE D – CHILD NUTRITION CLUSTER**

The County commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the County assumes it expends federal monies first.

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

Expenditures for the Workforce Investment Act (WIA) programs are presented on the Schedule of Federal Awards Expenditures as cash basis expenditures for the WIA Fund during 2010 less refunds and reimbursements received in the WIA Fund during 2010.

**NOTE F – SUBRECIPIENTS**

The County passes certain federal awards received from the Workforce Investment Act Area 7 to other governments or not-for-profit agencies (subrecipients). As Note A describes, the County records 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 G – OHIO DEPARTMENT OF DEVELOPMENTAL DISABILITIES**

The Gallia County Department of Developmental Disabilities received federal financial assistance from the Ohio Department of Mental Retardation and Developmental Disabilities for the following programs (which are audited at the state level and reported in the State Single Audit Report):

|               |  |
|---------------|--|
| CFDA # 93.767 | Children's Health Insurance Program  |
| CFDA # 93.778 | Medicaid Cluster (Individual Options, Level One Waiver, and Targeted Case Management Programs) |

**NOTE H – TRANSFER BETWEEN FEDERAL PROGRAMS**

During 2010, the County made allowable transfers of \$347,055 from the Temporary Assistance for Needy Families (93.558) program to the Social Services Block Grant (93.667) program. The amount reported for the Temporary Assistance for Needy Families program on the Supplementary Schedule excludes the amount transferred to the Social Services Block Grant program. The amount transferred to the Social Services Block Grant program is included in the federal program expenditures for these programs. The following table shows the gross amount drawn for the Temporary Assistance for Needy Families program during 2010 and the amount transferred to the Social Services Block Grant program.

|   |                    |
|---|--------------------|
| Temporary Assistance for Needy Families       | \$1,894,424        |
| Social Services Block Grant                   | <u>(\$347,055)</u> |
| Total Temporary Assistance for Needy Families | \$1,547,369        |

**GALLIA COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

**NOTE I – OHIO DEPARTMENT OF JOB AND FAMILY SERVICES**

The Gallia County Department of Job and Family Services, Children Services Board, and Child Support Enforcement Agency received federal financial assistance from the Ohio Department of Job and Family Services that are required to be audited at the County level for the following programs:

|                    |  |
|--------------------|--|
| CFDA # 10.561      | State Administrative Matching Grants for the Supplemental Nutrition Assistance Program |
| CFDA # 93.556      | Promoting Safe and Stable Families   |
| CFDA # 93.558 /714 | Temporary Assistance for Needy Families (TANF)   |
| CFDA # 93.563      | Child Support Enforcement  |
| CFDA # 93.575/596  | Child Care and Development Cluster   |
| CFDA # 93.645      | Child Welfare Services – State Grants  |
| CFDA # 93.658      | Foster Care-Title IV-E   |
| CFDA # 93.659      | Adoption Assistance  |
| CFDA # 93.667      | Social Services Block Grant (Title XX)   |
| CFDA # 93.669      | Child Abuse and Neglect State Grants   |
| CFDA # 93.778      | Medical Assistance Program   |
| CFDA # 93.674      | Chaffee Foster Care Independence Program   |





# Dave Yost • Auditor of State

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

Gallia County  
18 Locust Street  
Gallipolis, Ohio 45631

To the Board of County Commissioners:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of Gallia County, Ohio (the County), as of and for the year ended December 31, 2010, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 15, 2011, wherein we noted the County restated its governmental activities' net assets. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the County's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the County's internal control over financial reporting.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider Findings 2010-01 and 2010-02 described in the accompanying Schedule of Findings to be material weaknesses.

### **Compliance and Other Matters**

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We also noted certain matters not requiring inclusion in this report that we reported to the County's management in a separate letter dated September 15, 2011.

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

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



**Dave Yost**  
Auditor of State

September 15, 2011



# Dave Yost • Auditor of State

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

Gallia County  
18 Locust Street  
Gallipolis, Ohio 45631

To the Board of County Commissioners:

### Compliance

We have audited the compliance of Gallia 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 could directly and materially affect each of Gallia County's major federal programs for the year ended December 31, 2010. The Summary of Auditor's Results section of the accompanying Schedule of Findings identifies the County's major federal programs. The County's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2010.

### Internal Control over Compliance

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, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the County's internal control over compliance.

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

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

However, we noted a matter 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, 2011.

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



**Dave Yost**  
Auditor of State

September 15, 2011

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

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

|                     |   |   |
|---------------------|---|---|
| <b>(d)(1)(i)</b>    | <b>Type of Financial Statement Opinion</b>  | Unqualified   |
| <b>(d)(1)(ii)</b>   | <b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>                  | Yes   |
| <b>(d)(1)(ii)</b>   | <b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b> | No  |
| <b>(d)(1)(iii)</b>  | <b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>                       | No  |
| <b>(d)(1)(iv)</b>   | <b>Were there any material internal control weaknesses reported for major federal programs?</b>                       | No  |
| <b>(d)(1)(iv)</b>   | <b>Were there any significant deficiencies in internal control reported for major federal programs?</b>               | No  |
| <b>(d)(1)(v)</b>    | <b>Type of Major Programs' Compliance Opinion</b>   | Unqualified   |
| <b>(d)(1)(vi)</b>   | <b>Are there any reportable findings under § .510(a)?</b>   | No  |
| <b>(d)(1)(vii)</b>  | <b>Major Programs (list):</b>   | Water and Waste Disposal Systems for Rural Communities Grant/Loan – CFDA # 10.760<br>Community Development Block Grants/State's Program – CFDA #'s 14.228 and 14.255<br>Housing Investment Partnership Program – CFDA # 14.239<br>Highway Planning and Construction – CFDA #20.205<br>Workforce Investment Act Cluster (WIA) – CFDA #'s 17.258, 17.259, and 17.260<br>Temporary Assistance for Needy Families Cluster - CFDA # 93.558 and 93.714<br>Child Support Enforcement - CFDA # 93.563<br>Medical Assistance Program - CFDA # 93.778 |
| <b>(d)(1)(viii)</b> | <b>Dollar Threshold: Type A/B Programs</b>  | Type A: > \$ 300,000<br>Type B: all others  |
| <b>(d)(1)(ix)</b>   | <b>Low Risk Auditee?</b>  | No  |

**GALLIA COUNTY**  
**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A-133 § .505**  
**DECEMBER 31, 2010**  
**(Continued)**

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|---|
| <b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b> |
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**FINDING NUMBER 2010-01**

**Material Weakness**

A detailed listing of capital assets including annual additions and deletions should be maintained and provided to individuals responsible for the compilation of the County's basic financial statements. This listing should include all assets owned or leased by the County in accordance with the County's capital asset capitalization policy.

In the past, for a capital asset listing of items not including infrastructure, the County relied on reports provided by Industrial Appraisal Company which indicate a February 23, 2001 appraisal date and are updated annually as a result of inventory change reports submitted by the County Auditor's Office. For infrastructure, the County relies on information maintained by the Gallia County Engineer's Office and provided to the GAAP conversion company.

The County Auditor's Office relies on the departments to complete inventory change reports indicating additions, deletions, transfers, and corrections when capital assets are purchased or disposed. The information is then submitted to Industrial Appraisal Company to update the County's Property Inventory and Accounting Cost Record Report which served as the capital asset listing for capital assets not including infrastructure.

Over the past several years, entries were made by the GAAP conversion company as a result of their review or audit adjustments to record items not included on the County's Property Inventory and Accounting Cost Record Report.

On January 28, 2010 the Board of County Commissioners approved allowing the County Auditor, Larry Betz, to purchase software from his budget for a new capital asset inventory system. Further, on April 29, 2010 the Board of County Commissioners approved a capital asset policy.

For the December 31, 2010 year end, the County's capital assets excluding infrastructure were manually input into the capital asset software either by taking amounts from Industrial Appraisal Company Property Inventory and Accounting Cost Record Report or for items not in the aforementioned report, by manually calculating accumulated depreciation and entering amounts into the software. The County's GAAP conversion company provided assistance in regards to previously adjusted items, etc.

Infrastructure amounts were recorded based on information provided by the County Engineer's Office to the GAAP conversion company.

**GALLIA COUNTY**  
**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A-133 § .505**  
**DECEMBER 31, 2010**  
**(Continued)**

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| <b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b> |
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**FINDING NUMBER 2010-01 (Continued)**

**Material Weakness – Capital Asset Listing (Continued)**

During our current year testing, several errors were noted as follows:

- Governmental Type Activities included a prior period adjustment in a net amount of (\$578,145) which was unsupported in regards to what comprised the differences by asset class. During our review of this amount, we noted the following:
  - The 2007 Electronic Document Management System with a cost of \$414,847 which was manually recorded in the past was not completely recorded on the capital asset listing. \$30,227 of items were included on capital asset listing, resulting in an understatement of \$384,620 (excluding effects of depreciation).
  - The 2009 Board of Development Disabilities Playground equipments recorded in the prior year financial statements in an amount of \$100,317 (excluding effects of depreciation) was not noted on the current year listing.
  - Several items relating to a 2007 audit adjustment were not noted as being recorded in the current capital asset listing.
- Errors in accumulated depreciation were noted in a total amount of \$144,644 understatement for Governmental Type Activities and \$16,691 understatement for Airport items as a result of accumulated depreciation being incorrectly computed for items which were not already recorded in the Industrial Appraisal Company Property Inventory and Accounting Cost Record Report.
- Although there was not a prior period adjustment relating to the Airport, we identified a 2008 adjustment amount of \$18,770 (excluding effects of depreciation) which was not deemed recorded.
- Business Type Activities included an unsupported prior period adjustment in a net amount of (\$68,293). However, during our review of this amount, it was determined that a 2007 WWTP Upgrade in the amount of \$81,543 (excluding effects of depreciation) was not recorded on the financial statements.
- The following business type activities differences were noted during testing:
  - A difference of (\$3,381) was noted in comparing the BP Sewer listing to amount recorded on the financial statements whereas a difference of \$3,382 was noted in comparing Other Enterprise listing to amount recorded on the financial statements.
  - An overstatement in the amount of \$450,419 was noted in Mercerville Sewer Construction in progress
  - An overstatement in the amount of \$374,149 was noted in Kanauga Addison Sewer Construction in progress
  - Kanauga Addison Sewer Construction in progress included software in the amount of \$13,990 and a vehicle in the amount of \$24,438.

**GALLIA COUNTY**  
**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A-133 § .505**  
**DECEMBER 31, 2010**  
**(Continued)**

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

**FINDING NUMBER 2010-01 (Continued)**

**Material Weakness – Capital Asset Listing (Continued)**

- The following infrastructure differences were noted during testing:
  - An overstatement to roads additions was noted in an amount of \$1,912,074 (excluding effects of depreciation) which was the result of amounts used to record additions being based on estimated amounts as compared to actual amounts.
  - Retaining Wall / Piling net additions / deletions was overstated by \$204,120 (excluding effects of depreciation) as a result of additions in the amount of \$454,125 being recorded whereas the actual amount was \$202,802 and deletions in the amount of \$69,157 being recorded whereas the actual amount was \$21,954. The differences in capital asset addition amounts were the result of the County using estimated instead of actual amounts to record additions.
  - Information included in the spreadsheets used by the GAAP conversion company to support infrastructure recorded on the financial statements does not agree with information provided by the County Engineer's Office in regards to useful lives of bridges in which depreciation is being determined, etc. We noted that the County Engineer's Infrastructure has not been incorporated into the new software used by the County Auditor's Office for asset tracking. Also, various reconciling items such as prior period adjustments etc are required to reconcile amounts in the spreadsheets to financial statements amount. The County Auditor should incorporate the County Engineer's infrastructure into the capital asset software.

A search for unrecorded governmental activities capital asset additions for 2010 revealed several unrecorded capital asset additions. As a result of our search, we noted the following:

**Additions**

- 2010 Construction in Progress relating to the Airport in the amount of \$77,698 was not recorded
- 2010 Governmental Type Activities unrecorded capital assets totaling \$1,278,955 with December 31, 2010 estimated accumulated depreciation of \$29,447 were not included in the capital asset listing. This amount included the following items:
  - \* 2 2011 International 7400 4 x 2 Vehicles - \$146,372
  - \* 2 2011 GMC Sierra 1500 Vehicles - \$46,911
  - \* 2011 F250 4 x 4 Vehicle - \$23,189
  - \* Location Based Response System GIS/GPS Road Centerline Project - \$155,000
  - \* 3 2010 Ford Crown Victoria Vehicles and related equipment - \$88,850
  - \* CCTV Equipment - \$7,750
  - \* Fire suppression / fire alarm system - \$10,975
  - \* Security Video Surveillance Equipment - \$12,000
  - \* Sprinkler system - \$16,800
  - \* Suspended / recessed ceiling - \$9,517
  - \* Industrial Park Speculative Building Site Excavation - \$75,500
  - \* Underground Primary Facilities for Speculative Building - \$20,406
  - \* Land Purchase relating to Speculative Building - \$116,258
  - \* Industrial Park Speculative Building Construction in Progress - \$549,427



**GALLIA COUNTY**

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

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

**FINDING NUMBER 2010-01 (Continued)**

**Material Weakness – Capital Asset Listing (Continued)**

These errors resulted in the financial statements being materially misstated due to errors in capital asset amounts. Adjustments have been made to the financial statements for Governmental and Business Type Activities.

Maintaining systems to support financial statements is management's responsibility. The lack of a system could result in the misstatement of capital assets in the County's basic financial statements.

We recommend the County continue to develop and maintain a detailed listing of capital assets including annual additions and deletions to provide to individuals responsible for the compilation of the County's basic financial statements.

Further, we make the following recommendations:

- County Engineer infrastructure should be integrated into the County's capital asset listing. The County Auditor and County Engineer should work together to develop policies for recording infrastructure and a listing should be prepared according to policies to be put into the asset software system. If revised estimated original costs, capitalization thresholds, and useful lives for infrastructure are desired, they should be implemented at this time. Annual additions to infrastructure should be based on actual activity of the County Engineer's Office.
- The County Auditor should distribute capital asset inventory listings annually to each of the County department heads. The department heads should review the listings for unrecorded capital asset additions and deletions and submit corrections back to the County Auditor timely. As part of this review, the County Auditor's Office could read the County Commissioner's minute record, review expenditure listing, and review auction records for unrecorded items.
- A review should be performed to ensure that the capital asset listing is being maintained according to the Capital Asset Policy and / or that the Capital Asset Policy agrees to how items are being recorded.
- A review of the assets in the asset system software should be reviewed in order to identify any errors, etc. such as items which should have books costs and salvage values not having amounts, etc.

**Officials' Response:**

The goal is to ultimately eliminate audit adjustments; however, this is an ongoing process and requires a cooperative effort by the County, the County's consultant for financial reporting, and the County's consultant for engineering for sewer (wastewater treatment) construction services.

In regards to the capital asset audit adjustments, the County has made significant progress in this area. A new capital asset management system has been implemented during 2010 and 2011 which is being utilized for all capital assets with the exception of infrastructure capital assets being maintained by the County Engineer's Office. The County will work with the County Engineer to ensure that all infrastructure maintained by the County Engineer is properly integrated into the County's capital asset management system. The County will also work with the County Engineer to ensure that all additions and disposals during each fiscal year are properly recorded and transmitted to the County Auditor's Office for entry into the capital asset management system.

**GALLIA COUNTY**  
**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A-133 § .505**  
**DECEMBER 31, 2010**  
**(Continued)**

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| <b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b> |
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**FINDING NUMBER 2010-01 (Continued)**

**Material Weakness – Capital Asset Listing (Continued)**

**Officials' Response (Continued):**

It will be imperative to have the various County departments involved in the capital asset addition and disposal area so all information is properly transmitted to the County Auditor. The County plans to have a meeting with the County's consultant for financial reporting and all County departments/agencies in December of 2011 to discuss each departments/agencies' responsibilities in relation to capital asset accounting and reporting. Without accurate reporting from the various departments and agencies of the County, it is not practicable to minimize the audit adjustments; however, with accurate and timely reporting from the County's departments and agencies, the County should be able to eliminate audit adjustments related to capital assets.

During the above mentioned meeting, the County will also distribute information requests to all departments and agencies and provide explanations to ensure that all financial related information is properly prepared, reported, and submitted to the County Auditor and County Commissioners. This should help minimize problems in reporting various assets and liabilities, improper classifications of revenues and expenditures and ensure consistency in reporting for the County.

The County Auditor, County Commissioners, and the County's consultant for financial reporting will work closely to ensure that all budgetary information per the original source documents, the financial reports from the accounting system and the actual budgetary financial statements are consistent and include all reclassifications of revenues and expenditures.

The County plans to utilize the wastewater treatment engineering firm to assist in making sure that all construction activity is properly recorded by the County so that the information in the capital asset management system adequately reflects all construction activity each fiscal year. Since the engineering firm is actively involved in monitoring the construction activity, they are in an ideal position to help the County properly accumulate and record such activity as it occurs and as the capital assets are placed into service.

We believe that the above steps will help to ensure that the County maintains the highest level of financial accountability and minimizes any financial reporting errors.

**GALLIA COUNTY**  
**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A-133 § .505**  
**DECEMBER 31, 2010**  
**(Continued)**

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| <b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b> |
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**FINDING NUMBER 2010-02**

**Material Weakness**

A formal policy should be enacted by the Board of County Commissioners for maintaining a capital asset listing. This policy should include, but not be limited to, the following: capitalization threshold, categories or classes of assets, method of cost determination, method of depreciation, useful lives and methods of acquisition or disposal. Further, the policy should establish procedures relating to the recording of infrastructure including the following items: determination of values / method of capitalization, useful lives, items to be included in infrastructure, condition by each type of asset, and a documentation to indicate at what point an asset has had an improvement that increases its efficiency to the point the old asset value needs removed and the new value recorded (such as total repaving and not just patching of a road).

On January 28, 2010 the Board of County Commissioners approved allowing the County Auditor, Larry Betz to purchase software from his budget for a new capital asset inventory system. Further, on April 29, 2010 the Board of County Commissioners approved a capital asset policy.

Per review of the new policy adopted, we note the following:

- The new policy indicates fair value of \$5,000 or more for criteria but does not include the threshold amounts which are being used for capitalizing infrastructure. Infrastructure amounts are being capitalized based on threshold amounts approved on December 18, 2008 which include threshold amounts of \$50,000 for roads, bridges, and culverts; and \$25,000 for traffic signals and other infrastructure.
- Infrastructure classification indicates: roads, bridges, drainage systems, streetlights, water and sewer systems but does not include guardrail and piling / retaining wall which are being recorded on the County's financial statements.
- Useful lives are not indicated in the capital asset policy.
- The new policy indicates that assets with a value over \$1,000,000 and all infrastructure purchases will have a 10% salvage value (unless a lower market or standard salvage value is easily obtainable). We noted one item with a salvage value which we feel was an error because the item was a piece of equipment and the salvage value was equal to the cost.
- The new policy includes sections regarding roles / responsibilities; records retention; tagging; and disposal and transfer however, unrecorded additions were identified in an amount of \$1,278,955 for Governmental Activities and \$77,698 for Airport.

The County had a separate policy which was approved May 1, 2008 for capitalization of infrastructure capital assets which indicates the County Engineer and County Auditor will work together to develop a comprehensive infrastructure capital asset reporting system which will eventually be integrated with the County capital asset reporting system for all other capital assets.

The County should ensure the capital asset policy is updated to comply with the requirements of GASB Statement Number 34 for the reporting of capital assets to prevent material misstatement of the County's financial statements.

**GALLIA COUNTY**  
**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A-133 § .505**  
**DECEMBER 31, 2010**  
**(Continued)**

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| <b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b> |
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**FINDING NUMBER 2010-02 (Continued)**

**Material Weakness – Capital Asset Policy (Continued)**

We make the following recommendations regarding the County's Capital Asset Policy:

- The Capital Asset policy should be revised to include infrastructure thresholds approved on December 18, 2008 or infrastructure above \$5,000 should be recorded on the County's financial statements. The policy should be reviewed with the County Engineer to determine whether difference thresholds are desired for infrastructure.
- Infrastructure classification should be revised to include guardrail and retaining wall / piling.
- Useful lives should be incorporated into the capital asset policy and assets should be reviewed to ensure useful lives are consistent with what is included in the policy. Infrastructure should be reviewed with the County Engineer to determine useful lives to be used for infrastructure.
- The concept of salvage value should be reviewed and either implemented in the capital asset listing or the policy should be revised to eliminate salvage value wording.
- A method to identify unrecorded capital asset additions and deletions should be incorporated into the policy such as departmental reviews and reviewing County Commissioner's Minute Record, auction results, and expenditure listings.
- A detailed review should be performed to ensure that assets are being recorded on the financial statements according to the policy and / or that the policy agrees to how assets are being reported.

We further recommend the County Commissioners, County Auditor, and County Engineer work together to develop a comprehensive capital asset reporting system.

**Officials' Response:**

The County is attempting to correct these problems before the next audit.

|                                       |
|---------------------------------------|
| <b>3. FINDINGS FOR FEDERAL AWARDS</b> |
|---------------------------------------|

None.

GALLIA COUNTY

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

| Finding Number | Finding Summary   | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain</b> |
|----------------|---|------------------|---|
| 2009-01        | Noncompliance citation under Ohio Rev. Code Section 325.071 for amount issued to Sheriff for over-appropriating the Furtherance of Justice appropriation.   | Yes              |   |
| 2009-02        | Material weakness recommending the County develop and maintain a detailed listing of capital assets and the infrastructure be integrated into the capital asset listing.  | No               | Not Corrected. Reissued as Finding Number 2010-01.  |
| 2009-03        | Material weakness recommending the County adopt a formal policy for maintaining a capital asset listing which incorporates the requirements of GASB Statement Number 34 and integrates the policy for reporting infrastructure. | No               | Not Corrected. Reissued as Finding Number 2010-02.  |

**GALLIA COUNTY**

**CORRECTIVE ACTION PLAN  
OMB CIRCULAR A-133 § .315(c)  
DECEMBER 31, 2010**

| Finding Number | Planned Corrective Action   | Anticipated Completion Date | Responsible Contact Person    |
|----------------|---|-----------------------------|-------------------------------|
| 2010-01        | The County is attempting to correct these problems before the next audit. | 12/31/11                    | Larry Betz,<br>County Auditor |
| 2010-02        | The County is attempting to correct these problems before the next audit. | 12/31/11                    | Larry Betz,<br>County Auditor |



# Dave Yost • Auditor of State

## GALLIA COUNTY FINANCIAL CONDITION

### GALLIA 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 29, 2011