



Mary Taylor, CPA  
Auditor of State





# Dave Yost • Auditor of State

March 3, 2011

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 10, 2011. Reports completed prior to that date contain the signature of my predecessor.

A handwritten signature in cursive script that reads "Dave Yost".

DAVE YOST  
Auditor of State

**This Page is Intentionally Left Blank.**

**JACKSON COUNTY**  
**TABLE OF CONTENTS**

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Statement of Net Assets – Modified Cash Basis – Primary Government and Jackson County Airport Authority.....	11
Statement of Activities – Modified Cash Basis .....	12
Statement of Modified Cash Basis Assets and Fund Balances – Governmental Funds.....	13
Statement of Modified Cash Receipts, Cash Disbursements and Changes in Modified Cash Basis Fund Balances – Governmental Funds .....	14
Statement of Cash Receipts, Cash Disbursements and Changes in Cash Basis Fund Balance – Budget and Actual (Budget Basis) – General Fund.....	15
Statement of Cash Receipts, Cash Disbursements and Changes in Cash Basis Fund Balance – Budget and Actual (Budget Basis) – Motor Vehicle Gasoline Tax Fund .....	16
Statement of Cash Receipts, Cash Disbursements and Changes in Cash Basis Fund Balance – Budget and Actual (Budget Basis) – Job and Family Services Fund .....	17
Statement of Cash Receipts, Cash Disbursements and Changes in Cash Basis Fund Balance – Budget and Actual (Budget Basis) –Developmental Disabilities Fund .....	18
Statement of Fiduciary Net Assets – Modified Cash Basis – Agency Funds .....	19
Notes to the Basic Financial Statements .....	21
Federal Awards Expenditures Schedule.....	47
Notes to the Federal Awards Expenditures Schedule .....	51
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required By <i>Government Auditing Standards</i> .....	53
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance in Accordance with OMB Circular A-133. ....	55
Schedule of Findings – OMB Circular A-133 §.505 .....	57
Schedule of Prior Audit Findings – OMB Circular A-133 §.315(b).....	67
Corrective Action Plan – OMB Circular A-133 §.315(c).....	68

**This page intentionally left blank.**



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Jackson County  
226 East Main Street  
Jackson, Ohio 45640

To the Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Jackson County, Ohio (the County), as of and for the year ended December 31, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

Ohio Administrative Code Section 117-2-03(B) requires the County to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 2, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Jackson County, Ohio, as of December 31, 2009, and the respective changes in modified cash financial position and the respective budgetary comparisons for the General, Motor Vehicle Gasoline Tax, Job and Family Services, and Developmental Disabilities Funds for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2010, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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 provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The Federal Awards Expenditures 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.



**Mary Taylor, CPA**  
Auditor of State

December 21, 2010

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

---

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

## **FINANCIAL HIGHLIGHTS**

**Key financial highlights for fiscal year 2009 are as follows:**

- Net cash assets of governmental activities decreased \$1,212,917.
- At the end of the current year, the County's governmental funds reported a combined ending fund balance of \$5,454,867, a decrease of \$1,212,917 from the prior year.

## **USING THIS ANNUAL FINANCIAL REPORT**

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

### ***Government-Wide Financial Statements***

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

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

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

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

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

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

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

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

---

**Fund Financial Statements**

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

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

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

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

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

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

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

Table 1 provides a summary of the County's net assets – modified cash basis for 2009 compared to 2008:

(Table 1)  
 Jackson County's Net Assets - Modified Cash Basis

	Governmental Activities	
	2009	2008
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$3,601,959	\$4,850,299
Investments	1,852,908	1,817,485
<i>Total Assets</i>	<u>5,454,867</u>	<u>6,667,784</u>
<b>Net Assets</b>		
Restricted for:		
Unclaimed Monies	123,797	102,680
Other Purposes	4,792,973	5,233,792
Capital Projects	85,844	259,311
Debt Service	56,072	40,807
Unrestricted	<u>396,181</u>	<u>1,031,194</u>
<i>Total Net Assets</i>	<u><u>\$5,454,867</u></u>	<u><u>\$6,667,784</u></u>

A portion of the County's net assets, \$5,058,686, or 92.7 percent, represents resources that are subject to restrictions on how they can be used. The remaining balance of net assets, \$396,181, or 7.3 percent, is unrestricted and is to be used to meet the County's ongoing obligations to citizens and creditors.

Total governmental activities assets decreased \$1,212,917. Cash and cash equivalents decreased \$1,248,340 and investments increased \$35,423.

Table 2 reflects the change in net assets for the year ended December 31, 2009.

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

(Table 2)  
 Changes in Net Assets

	Governmental Activities	
	2009	2008
<b>Revenues</b>		
Program Revenues		
Charges for Services	\$5,296,526	\$4,380,830
Operating Grants, Contributions and Interest	13,460,568	14,950,790
Capital Grants and Contributions	684,927	398,890
<i>Total Program Revenues</i>	<u>19,442,021</u>	<u>19,730,510</u>
General Revenues		
Property Taxes	3,248,540	3,193,395
Sales Taxes	2,734,435	2,917,059
Grants and Entitlements	848,923	842,253
Interest	201,880	282,098
Note Proceeds	2,535,000	3,230,000
Miscellaneous	200,208	307,398
Proceeds from Sale of Capital Assets	12,000	0
<i>Total General Revenues</i>	<u>9,780,986</u>	<u>10,772,203</u>
<b>Total Revenues</b>	<u>29,223,007</u>	<u>30,502,713</u>
<b>Program Expenses</b>		
General Government:		
Legislative and Executive	2,031,909	1,986,122
Judicial	2,696,544	2,354,492
Public Safety	4,596,719	4,381,756
Public Works	4,665,544	4,334,546
Health	2,656,608	2,592,241
Human Services	9,363,740	9,543,053
Economic Development	437,081	457,225
Capital Outlay	1,098,962	1,057,814
Debt Service:		
Principal Retirement	2,719,606	3,140,362
Interest and Fiscal Charges	169,211	128,196
<i>Total Program Expenses</i>	<u>30,435,924</u>	<u>29,975,807</u>
<i>Increase (Decrease) in Net Assets</i>	(1,212,917)	526,906
Net Assets at Beginning of Year	<u>6,667,784</u>	<u>6,140,878</u>
Net Assets at End of Year	<u><u>\$5,454,867</u></u>	<u><u>\$6,667,784</u></u>

**Governmental Activities**

Program revenues accounted for 66.5 percent of total revenues for governmental activities in 2009, therefore, governmental activities services are primarily funded through these program revenues, with operating and capital grants accounting for \$14,145,495 or 48.4 percent of total revenues. The major recipients of these intergovernmental receipts were the Motor Vehicle and Gasoline Tax, Job and Family Services, and Developmental Disabilities Special Revenue Funds.

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

General revenues, primarily property and sales taxes, and proceeds from the sale of notes, accounted for the remaining 33.5 percent of total revenues. This highlights the County's continued dependence upon its citizens and taxpayers to fund those programs most important to them.

The County's direct charges to users of governmental services made up \$5,296,526 or 18.1 percent of total governmental revenues. These charges are for fees associated with the collection of property taxes, fines and forfeitures related to judicial activity, licenses and permits and public assistance fees.

Human service programs accounted for \$9,363,740 or 30.8 percent of total expenses for governmental activities. During 2009, expenses for Job and Family Services and Children's Services amounted to \$7,098,505 and \$1,104,766, respectively. These activities are entirely paid from program revenues. These grants and entitlements allow the County to continue to offer a wide variety of quality services to its citizens without increasing the tax burden on our citizens.

Public safety programs are a major activity of the County, accounting for \$4,596,719 or 15.1 percent of all governmental expenses. These activities are funded primarily through property and sales taxes. The County attempts to supplement the income and activities of the sheriff department to enable the department to widen the scope of its activity.

Public works programs accounted for \$4,665,544 or 15.3 percent of all governmental activities. These activities are paid predominately with program revenues, with \$545,683 or 11.7 percent of the public works expenses being supported with the County's general revenues.

General government, health, economic development, capital outlay, and principal and interest expenditures account for the remaining 38.8 percent of governmental expenses.

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

Table 3  
 Governmental Activities

	Total Cost of Services 2009	Net Cost of Services 2009	Total Cost of Services 2008	Net Cost of Services 2008
<b>Program Expenses</b>				
General Government:				
Legislative and Executive	\$2,031,909	\$898,067	\$1,986,122	\$761,999
Judicial	2,696,544	1,358,128	2,354,492	1,202,824
Public Safety	4,596,719	3,372,876	4,381,756	3,584,467
Public Works	4,665,544	545,683	4,334,546	213,094
Health	2,656,608	1,034,818	2,592,241	783,356
Human Services	9,363,740	858,560	9,543,053	(58,069)
Economic Development	437,081	(37,986)	457,225	170,060
Capital Outlay	1,098,962	74,940	1,057,814	319,008
Debt Service:				
Principal Retirement	2,719,606	2,719,606	3,140,362	3,140,362
Interest and Fiscal Charges	169,211	169,211	128,196	128,196
<i>Total</i>	<u>\$30,435,924</u>	<u>\$10,993,903</u>	<u>\$29,975,807</u>	<u>\$10,245,297</u>

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

---

Charges for services, operating grants, and capital grants of \$19,442,021 or 63.9 percent of the total costs of services, are received and used to fund the governmental operations of the County. The remaining \$10,993,903 in governmental expenses are funded by property taxes, permissive sales taxes, unrestricted intergovernmental revenues, interest, note proceeds, and miscellaneous revenues.

For example, the \$1,034,818 in net cost of services for Health demonstrates the costs of services that are not supported by state and federal resources. As such, the taxpayers of the County have approved a property tax levy for Developmental Disabilities in order to fully fund this program.

## **FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS**

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

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

As of December 31, 2009, the County's governmental funds reported a combined ending fund balance of \$5,454,867, a decrease of \$1,212,917 in comparison with the prior year. Approximately \$5,330,709, or 97.7 percent of this total, constitutes unreserved undesignated fund balance. The remaining \$124,158 of fund balance is reserved to indicate that it is not available for new spending because it has already been committed for unclaimed monies and encumbrances. While the bulk of governmental fund balances are not reserved in the governmental fund statements, they lead to restricted net assets on the Statement of Net Assets due to expenditure restrictions mandated by the source of the resource, such as the state or federal government.

The General Fund is the primary operating fund of the County. At the end of 2009, unreserved fund balance was \$395,820, while total fund balance was \$519,978. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 6.6 percent of total General Fund expenditures, while total fund balance represents 8.7 percent of that same amount.

The fund balance of the County's General Fund decreased \$613,896 during 2009.

The fund balance of the Motor Vehicle and Gasoline Tax Special Revenue Fund decreased \$68,273, attributable to increases in contractual services and capital expenditures. The Motor Vehicle and Gasoline Tax Fund's unreserved fund balance of \$560,927 represented 13.3 percent of current year expenditures.

The fund balance of the Job and Family Services Special Revenue Fund decreased \$155,748, attributable to increased contractual services expenditures. The Job and Family Services Special Revenue Fund's unreserved undesignated fund balance of \$241,306 represented 3.4 percent of current year expenditures.

The fund balance of the Developmental Disabilities Special Revenue Fund increased \$125,889. The Developmental Disabilities Special Revenue Fund's unreserved undesignated fund balance of \$1,158,561 represented 57.2 percent of current year expenditures.

## **BUDGETARY HIGHLIGHTS**

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

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

---

During the course of 2009, the County amended its General Fund budget several times, none were significant. All recommendations for a budget change came from either the County Auditor or departmental managers to the Finance Committee of the County Commissioners for review before going to the whole Commission for Ordinance enactment on the change. The allocation of appropriations among the departments and objects within a fund may be modified during the year with approval from the County Commissioners. With the General Fund supporting many of our major activities such as our sheriff department, as well as most legislative and executive activities, the General Fund is monitored closely looking for possible revenue shortfalls or overspending by individual departments.

For the General Fund, an increase of \$474,797 was made to the original budgeted revenues. Final budgeted expenditures increased \$415,055 over the original amount. Jackson County's ending unencumbered cash balance in the General Fund matched the final budgeted amount.

### **CURRENT ISSUES**

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

Various economic factors were considered in the preparation of the County's 2009 budget, and will be considered in the preparation of future budgets. Appropriate measures will be taken to ensure spending is within available resources.

### **CONTACTING THE COUNTY AUDITOR'S DEPARTMENT**

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

**This page intentionally left blank.**

**Jackson County, Ohio**  
*Statement of Net Assets - Modified Cash Basis, Primary Government and  
 Jackson County Airport Authority*  
 December 31, 2009

	<u>Primary Government</u>	<u>Component Unit</u>
	Governmental Activities	Jackson County Airport Authority
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$3,601,959	\$61,972
Investments	1,852,908	0
<i>Total Assets</i>	<u>5,454,867</u>	<u>61,972</u>
<b>Net Assets</b>		
Restricted for:		
Unclaimed Monies	\$123,797	\$0
Other Purposes	4,792,973	0
Debt Service	56,072	0
Capital Projects	85,844	0
Unrestricted	<u>396,181</u>	<u>61,972</u>
<i>Total Net Assets</i>	<u><u>\$5,454,867</u></u>	<u><u>\$61,972</u></u>

See accompanying notes to the basic financial statements

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

	Program Revenues				Total	Component Unit
	Expenses	Charges for Services	Operating Grants, Contributions and Interest	Capital Grants and Contributions		Jackson County Airport Authority
<b>Governmental Activities:</b>						
General Government:						
Legislative and Executive	\$2,031,909	\$1,120,084	\$13,758	\$0	(\$898,067)	\$0
Judicial	2,696,544	1,224,744	113,672	0	(1,358,128)	0
Public Safety	4,596,719	312,573	911,270	0	(3,372,876)	0
Public Works	4,665,544	478,210	3,641,651	0	(545,683)	0
Health	2,656,608	90,690	1,531,100	0	(1,034,818)	0
Human Services	9,363,740	1,679,561	6,825,619	0	(858,560)	0
Economic Development	437,081	51,569	423,498	0	37,986	0
Capital Outlay	1,098,962	339,095	0	684,927	(74,940)	0
Debt Service:						
Principal Retirement	2,719,606	0	0	0	(2,719,606)	0
Interest and Fiscal Charges	169,211	0	0	0	(169,211)	0
<i>Total Governmental Activities</i>	<u>30,435,924</u>	<u>5,296,526</u>	<u>13,460,568</u>	<u>684,927</u>	<u>(10,993,903)</u>	<u>0</u>
<b>Component Unit:</b>						
Jackson County Airport Authority	<u>\$451,850</u>	<u>\$103,874</u>	<u>\$0</u>	<u>\$113,812</u>	<u>0</u>	<u>(234,164)</u>
<b>General Revenues</b>						
Property Taxes Levied for:						
General Purposes					1,276,742	0
Other Purposes					1,971,798	0
Sales Taxes Levied for:						
General Purposes					1,367,567	0
Other Purposes					1,366,868	0
Grants and Entitlements not Restricted to Specific Programs					848,923	0
Interest					201,880	0
Note Proceeds					2,535,000	272,951
Other					200,208	0
Proceeds from Sale of Capital Assets					12,000	0
<i>Total General Revenues</i>					<u>9,780,986</u>	<u>272,951</u>
<i>Change in Net Assets</i>					(1,212,917)	38,787
<i>Net Assets at Beginning of Year</i>					<u>6,667,784</u>	<u>23,185</u>
<i>Net Assets at End of Year</i>					<u>\$5,454,867</u>	<u>\$61,972</u>

See accompanying notes to the basic financial statements

**Jackson County, Ohio**  
*Statement of Modified Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2009*

	General	Motor Vehicle and Gasoline Tax	Job and Family Services	Developmental Disabilities	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$194,702	\$329,528	\$159,375	\$662,035	\$1,965,511	\$3,311,151
Restricted Cash and Cash Equivalents	123,797	0	0	0	0	123,797
Cash and Cash Equivalents in Segregated Accounts	22,901	40,947	0	103,158	5	167,011
Investments	178,578	190,452	81,931	393,368	1,008,579	1,852,908
<i>Total Assets</i>	<u>\$519,978</u>	<u>\$560,927</u>	<u>\$241,306</u>	<u>\$1,158,561</u>	<u>\$2,974,095</u>	<u>\$5,454,867</u>
<b>Fund Balances</b>						
Reserved for Encumbrances	\$361	\$0	\$0	\$0	\$0	\$361
Reserved for Unclaimed Monies	123,797	0	0	0	0	123,797
Unreserved, Undesignated, Reported in:						
General Fund	395,820	0	0	0	0	395,820
Special Revenue Funds	0	560,927	241,306	1,158,561	2,832,179	4,792,973
Debt Service Funds	0	0	0	0	56,072	56,072
Capital Projects Fund	0	0	0	0	85,844	85,844
<i>Total Fund Balances</i>	<u>\$519,978</u>	<u>\$560,927</u>	<u>\$241,306</u>	<u>\$1,158,561</u>	<u>\$2,974,095</u>	<u>\$5,454,867</u>

See accompanying notes to the basic financial statements

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

	General	Motor Vehicle and Gasoline Tax	Job and Family Services	Developmental Disabilities	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Property Taxes	\$1,276,742	\$0	\$0	\$837,607	\$1,134,191	\$3,248,540
Sales Taxes	1,367,567	0	0	0	1,366,868	2,734,435
Intergovernmental	968,004	3,629,703	5,669,652	1,294,163	3,367,606	14,929,128
Charges for Services	959,084	365,328	1,272,676	0	893,061	3,490,149
Fines, Licenses, and Permits	415,752	111,416	0	0	1,134,022	1,661,190
Rent	88,515	0	0	0	5,103	93,618
Loan Revenue	0	0	0	0	51,569	51,569
Donations	0	0	0	5,786	10,186	15,972
Investment Income	201,880	11,948	0	7,807	29,563	251,198
Other	172,595	4,142	429	5,145	17,897	200,208
<i>Total Revenues</i>	<u>5,450,139</u>	<u>4,122,537</u>	<u>6,942,757</u>	<u>2,150,508</u>	<u>8,010,066</u>	<u>26,676,007</u>
<b>Expenditures</b>						
Current:						
General Government:						
Legislative and Executive	1,582,994	0	0	0	448,915	2,031,909
Judicial	2,000,656	0	0	0	695,888	2,696,544
Public Safety	1,244,492	0	0	0	3,352,227	4,596,719
Public Works	437,061	4,228,483	0	0	0	4,665,544
Health	195,450	0	0	2,024,619	436,539	2,656,608
Human Services	493,695	0	7,098,505	0	1,771,540	9,363,740
Economic Development	0	0	0	0	437,081	437,081
Capital Outlay	0	0	0	0	1,098,962	1,098,962
Debt Service:						
Principal Retirement	0	0	0	0	2,719,606	2,719,606
Interest and Fiscal Charges	0	0	0	0	169,211	169,211
<i>Total Expenditures</i>	<u>5,954,348</u>	<u>4,228,483</u>	<u>7,098,505</u>	<u>2,024,619</u>	<u>11,129,969</u>	<u>30,435,924</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(504,209)</u>	<u>(105,946)</u>	<u>(155,748)</u>	<u>125,889</u>	<u>(3,119,903)</u>	<u>(3,759,917)</u>
<b>Other Financing Sources (Uses)</b>						
Proceeds of Notes	780,000	510,000	0	0	1,245,000	2,535,000
Proceeds from Sale of Capital Assets	0	0	0	0	12,000	12,000
Advances In	12,000	0	0	0	5,975	17,975
Transfers In	168,000	0	0	0	3,024,799	3,192,799
Advances Out	(5,975)	0	0	0	(12,000)	(17,975)
Transfers Out	(1,063,712)	(472,327)	0	0	(1,656,760)	(3,192,799)
<i>Total Other Financing Sources (Uses)</i>	<u>(109,687)</u>	<u>37,673</u>	<u>0</u>	<u>0</u>	<u>2,619,014</u>	<u>2,547,000</u>
<i>Net Change in Fund Balances</i>	<u>(613,896)</u>	<u>(68,273)</u>	<u>(155,748)</u>	<u>125,889</u>	<u>(500,889)</u>	<u>(1,212,917)</u>
<i>Fund Balances at Beginning of Year</i>	<u>1,133,874</u>	<u>629,200</u>	<u>397,054</u>	<u>1,032,672</u>	<u>3,474,984</u>	<u>6,667,784</u>
<i>Fund Balances at End of Year</i>	<u><u>\$519,978</u></u>	<u><u>\$560,927</u></u>	<u><u>\$241,306</u></u>	<u><u>\$1,158,561</u></u>	<u><u>\$2,974,095</u></u>	<u><u>\$5,454,867</u></u>

See accompanying notes to the basic financial statements

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property Taxes	\$1,288,000	\$1,276,742	\$1,276,742	\$0
Sales Taxes	1,212,512	1,367,567	1,367,567	0
Intergovernmental	858,252	968,004	968,004	0
Charges for Services	850,343	959,084	959,084	0
Fines, Licenses, and Permits	368,614	415,752	415,752	0
Rent	78,479	88,515	88,515	0
Investment Income	178,991	201,880	201,880	0
Other	153,026	165,061	172,595	7,534
<i>Total Revenues</i>	<u>4,988,217</u>	<u>5,442,605</u>	<u>5,450,139</u>	<u>7,534</u>
<b>Expenditures</b>				
Current:				
General Government:				
Legislative and Executive	1,318,783	1,582,994	1,582,994	0
Judicial	1,657,278	2,001,017	2,001,017	0
Public Safety	1,028,591	1,244,492	1,244,492	0
Public Works	361,150	437,061	437,061	0
Health	161,503	195,450	195,450	0
Human Services	410,602	493,695	493,695	0
<i>Total Expenditures</i>	<u>4,937,907</u>	<u>5,954,709</u>	<u>5,954,709</u>	<u>0</u>
<i>Excess of Revenues Under Expenditures</i>	<u>50,310</u>	<u>(512,104)</u>	<u>(504,570)</u>	<u>7,534</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds of Notes	0	0	780,000	780,000
Advances In	10,639	12,000	12,000	0
Transfers In	148,952	168,000	168,000	0
Advances Out	(4,938)	(5,975)	(5,975)	0
Transfers Out	(878,962)	(276,178)	(1,063,712)	(787,534)
<i>Total Other Financing Sources (Uses)</i>	<u>(724,309)</u>	<u>(102,153)</u>	<u>(109,687)</u>	<u>(7,534)</u>
<i>Net Change in Fund Balance</i>	(673,999)	(614,257)	(614,257)	0
<i>Fund Balance at Beginning of Year</i>	1,112,769	1,112,769	1,112,769	0
<i>Prior Year Encumbrances Appropriated</i>	21,105	21,105	21,105	0
<i>Fund Balance at End of Year</i>	<u>\$459,875</u>	<u>\$519,617</u>	<u>\$519,617</u>	<u>\$0</u>

See accompanying notes to the basic financial statements

**Jackson County, Ohio**  
*Statement of Cash Receipts, Cash Disbursements, and Changes  
in Cash Basis Fund Balance - Budget and Actual (Budget Basis)  
Motor Vehicle and Gasoline Tax Fund  
For the Year Ended December 31, 2009*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$3,563,695	\$3,629,703	\$3,629,703	\$0
Charges for Services	358,684	365,328	365,328	0
Fines, Licenses, and Permits	109,390	111,416	111,416	0
Investment Income	11,731	11,948	11,948	0
Other	0	0	4,142	4,142
<i>Total Revenues</i>	<u>4,043,500</u>	<u>4,118,395</u>	<u>4,122,537</u>	<u>4,142</u>
<b>Expenditures</b>				
Current:				
Public Works	<u>4,096,466</u>	<u>4,228,483</u>	<u>4,228,483</u>	<u>0</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(52,966)</u>	<u>(110,088)</u>	<u>(105,946)</u>	<u>4,142</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds of Notes	200,000	200,000	510,000	310,000
Transfers Out	<u>(451,178)</u>	<u>(158,185)</u>	<u>(472,327)</u>	<u>(314,142)</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(251,178)</u>	<u>41,815</u>	<u>37,673</u>	<u>(4,142)</u>
<i>Net Change in Fund Balance</i>	(304,144)	(68,273)	(68,273)	0
<i>Fund Balance at Beginning of Year</i>	<u>629,200</u>	<u>629,200</u>	<u>629,200</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$325,056</u>	<u>\$560,927</u>	<u>\$560,927</u>	<u>\$0</u>

See accompanying notes to the basic financial statements

**Jackson County, Ohio**  
*Statement of Cash Receipts, Cash Disbursements, and Changes  
in Cash Basis Fund Balance - Budget and Actual (Budget Basis)  
Job and Family Services Fund  
For the Year Ended December 31, 2009*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$7,602,758	\$5,669,652	\$5,669,652	\$0
Charges for Services	294,354	1,272,676	1,272,676	0
Other	488	429	429	0
<i>Total Revenues</i>	<u>7,897,600</u>	<u>6,942,757</u>	<u>6,942,757</u>	<u>0</u>
<b>Expenditures</b>				
Current:				
Human Services	<u>7,884,672</u>	<u>7,098,505</u>	<u>7,098,505</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	12,928	(155,748)	(155,748)	0
<i>Fund Balance at Beginning of Year</i>	<u>397,054</u>	<u>397,054</u>	<u>397,054</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$409,982</u>	<u>\$241,306</u>	<u>\$241,306</u>	<u>\$0</u>

See accompanying notes to the basic financial statements

**Jackson County, Ohio**  
*Statement of Cash Receipts, Cash Disbursements, and Changes  
in Cash Basis Fund Balance - Budget and Actual (Budget Basis)  
Developmental Disabilities  
For the Year Ended December 31, 2009*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$728,510	\$837,607	\$837,607	\$0
Intergovernmental	1,125,599	1,294,163	1,294,163	0
Donations	5,032	5,786	5,786	0
Investment Income	6,790	7,807	7,807	0
Other	4,475	5,145	5,145	0
<i>Total Revenues</i>	<u>1,870,406</u>	<u>2,150,508</u>	<u>2,150,508</u>	<u>0</u>
<b>Expenditures</b>				
Current:				
Health	2,109,524	2,024,619	2,024,619	0
<i>Net Change in Fund Balance</i>	(239,118)	125,889	125,889	0
<i>Fund Balance at Beginning of Year</i>	<u>1,032,672</u>	<u>1,032,672</u>	<u>1,032,672</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$793,554</u>	<u>\$1,158,561</u>	<u>\$1,158,561</u>	<u>\$0</u>

See accompanying notes to the basic financial statements

**Jackson County, Ohio**  
*Statement of Fiduciary Net Assets - Modified Cash Basis*  
*Agency Fund*  
*December 31, 2009*

---

<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$770,576
Cash and Cash Equivalents in Segregated Accounts	<u>808,323</u>
<i>Total Assets</i>	<u><u>\$1,578,899</u></u>
<b>Net Assets</b>	
Total Net Assets	<u><u>\$1,578,899</u></u>

See accompanying notes to the basic financial statements

**This page intentionally left blank.**

**Jackson County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

---

**Note 1 – Description of the County and Reporting Entity**

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

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

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

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

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

**Discretely Presented Component Units**

The component unit column on the financial statements identifies the financial data of the Jackson County Airport Authority. The component unit is reported separately to emphasize that it is legally separate from the County. Information about the component unit is presented in Note 22 to the basic financial statements.

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

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

**Jackson County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

---

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

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

**Joint Venture**

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

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

- Gallia, Jackson, Meigs, Vinton Solid Waste Management District
- Gallia, Jackson, and Meigs Board of Alcohol, Drug Addiction, and Mental Health Services
- Southeast Ohio Emergency Medical Services District
- Jackson-Vinton Community Action Agency
- Ohio Valley Regional Development Commission
- Gallia-Jackson Child Abuse and Neglect Advisory Board
- South Central Ohio Regional Juvenile Detention Center
- Southern Ohio Council of Governments
- Ohio Valley Resource Conservation and Development Area, Inc.
- Buckeye Joint-County Self-Insurance Council
- County Commissioners Association of Ohio Workers' Compensation Group Rating Plan

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

**Note 2 – Summary of Significant Accounting Policies**

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

**Jackson County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

---

**A. Basis of Presentation**

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

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

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

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

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

**B. Fund Accounting**

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

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

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

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

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

**Jackson County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

---

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

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

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

**Fiduciary Funds** Fiduciary fund reporting focuses on net assets and changes in net assets. There are four categories of fiduciary funds: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the County under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the County's own programs. The County did not have any trust funds in 2009. Agency funds are purely custodial in nature and are used to account for assets held by the County as agent for the Board of Health and other districts and entities and various taxes, assessments, and state shared resources collected on behalf of and distributed to other local governments.

**C. Basis of Accounting**

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

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

**D. Budgetary Process**

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

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

**Jackson County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

---

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

***E. Cash and Cash Equivalents***

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

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

Cash and cash equivalents of the Airport Authority are held by the component unit and are recorded as "Cash and Cash Equivalents".

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

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

During 2009, the County invested in nonnegotiable certificates of deposit, federal agency securities, a money market fund, and STAROhio. Investments are reported at cost, except for the money market fund and STAROhio. The County's money market fund investment is recorded at the amount reported by Seasongood Asset Management at December 31, 2009. STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2009.

Investment procedures are restricted by the provisions of the Ohio Revised Code, grant requirements, or debt related restrictions. Interest is credited to the General Fund, and the Motor Vehicle Gasoline Tax, the Board of Developmental Disabilities, and the Community Development Block Grant Special Revenue Funds. Interest revenue credited to the General Fund during 2009 amounted to \$201,880, which includes \$186,784 assigned from other County funds.

***F. Restricted Assets***

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

***G. Inventory and Prepaid Items***

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

**Jackson County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

---

**H. Capital Assets**

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

**I. Interfund Receivables/Payables**

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

**J. Internal Activity**

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

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

**K. Accumulated Leave**

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

**L. Employer Contributions to Cost-Sharing Pension Plans**

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

**M. Long-Term Obligations**

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

**N. Net Assets**

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

Net assets restricted for other purposes primarily include activities involving the upkeep of the County's roads and bridges, various mental health services, child support and welfare services, services for the developmentally disabled, and activities of the County's courts. The County's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available. The government-wide statement of net assets reports \$5,058,686 of restricted net assets, none of which is restricted by enabling legislation.

**Jackson County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

---

**O. Fund Balance Reserves**

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

**Note 3 – Changes in Accounting Principle**

For fiscal year 2009, the County has implemented Governmental Accounting Standard Board (GASB) Statement No. 53, “Accounting and Financial Reporting for Derivative Instruments”, Statement No. 55, “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments,” Statement No. 56, “Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards”, 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. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. It requires governments to measure derivative instruments, with the exception of synthetic guaranteed investment contracts that are fully benefit-responsive, at fair value in their economic resources measurement focus financial statements. The implementation of this statement did not result in any change in the County’s financial statements.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB authoritative literature. The GAAP hierarchy consists of the sources of accounting principles used in the preparation of financial statements of state and local governmental entities that are presented in conformity with GAAP, and the framework for selecting those principles. The implementation of this statement did not result in any change in the County’s financial statements.

GASB Statement No. 56 incorporates accounting and financial reporting guidance previously only contained in the American Institute of Certified Public Accountants’ and auditing literature into the GASB’s accounting and financial reporting literature for state and local governments. The statement’s guidance addresses related party transactions, going concern considerations, and subsequent events from the AICPA literature. The implementation of this statement did not result in any change in the County’s financial statements.

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 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 financial statements.

**Jackson County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

---

**Note 4 – Accountability and Compliance**

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

Contrary to Ohio Law, the County did not certify certain purchases prior to obligation. Further, the County did not amend appropriations and resources for debt proceeds and the related debt payoff.

**Note 5 - Budgetary Basis of Accounting**

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

General Fund	\$361
--------------	-------

**Note 6 – Deposits and Investments**

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

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the County Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

**Jackson County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

---

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

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

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Historically, the County has not purchased these types of investments or issued these types of notes. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the County, and must be purchased with the expectation that it will be held to maturity.

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

**Cash on Hand** At year end, the County had \$84,124 in undeposited cash on hand which is included as a part of "Equity in Pooled Cash and Cash Equivalents".

**Jackson County, Ohio**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2009

**Deposits** Custodial credit risk for deposits is the risk that in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, the carrying value of the County's deposits was \$5,096,734 and the bank balance was \$5,533,959. Of the bank balance \$1,472,176 was covered by Federal depository insurance and \$4,061,783 was exposed to custodial credit risk because it was uninsured and uncollateralized. This does not include \$103,158 in segregated cash which is held by SOCOG which cannot be disclosed by risk because it is co-mingled with other Counties' monies.

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

**Investments** Investments are reported at fair value. As of December 31, 2009, the County had the following investments:

	Fair Value	Percentage of Portfolio	Maturity
Money Market Mutual Funds	\$41,277	2.23%	1 Day
Federal National Mortgage Association Discoun Notes	149,703	8.07%	January 15, 2010
Federal Home Loan Banks Discount Note	149,287	8.05%	February 9, 2010
Federal Home Loan Banks Discount Note	98,995	5.34%	February 17, 2010
Federal Home Loan Banks Discount Note	148,707	8.02%	March 30, 2010
Federal National Mortgage Association Notes	174,069	9.39%	April 9, 2010
Federal National Mortgage Association Discoun Notes	174,315	9.40%	June 1, 2010
United States Cash Bill	99,647	5.37%	June 17, 2010
Federal Home Loan Mortgage Corporation Discount Notes	99,894	5.39%	June 21, 2010
Federal Home Loan Banks Discount Note	109,798	5.92%	August 11, 2010
Federal Home Loan Mortgage Corporation Discount Notes	124,763	6.73%	August 23, 2010
United States Treasury Bill	274,274	14.79%	August 26, 2010
Federal Home Loan Banks Discount Note	174,462	9.41%	September 15, 2010
STAR Ohio	33,717	1.82%	Average 61.2 Days
Totals	<u>\$1,852,908</u>	<u>99.93%</u>	

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

**Jackson County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

---

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

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

**Note 7 – Permissive Sales and Use Tax**

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

**Note 8 – Property Taxes**

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the County. Property tax receipts received during 2009 for real and public utility property taxes represent collections of 2008 taxes. Real property taxes received during 2009 for tangible personal property (other than public utility property) are for 2009 taxes.

2009 real property taxes are levied after October 1, 2009, on assessed value as of January 1, 2009, the lien date. Assessed values are established by State law at thirty-five percent of the appraised market value. 2009 real property taxes are collected in and intended to finance 2010.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2009 public utility property taxes became a lien December 31, 2008, are levied after October 1, 2009, and are collected in 2010 real property taxes.

Tangible personal property tax revenue received during 2009 (other than public utility property tax) represents the collection of 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in 2009 were levied after October 1, 2008, on the value as of December 31, 2008. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all County operations for the year ended December 31, 2009, was \$10.10 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2009 property tax receipts were based are as follows:

**Jackson County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

---

Real Property	\$424,508,580
Public Utility Real Property	139,830
Public Utility Tangible Personal Property	42,881,750
Tangible Personal Property	<u>14,876,759</u>
Total Assessed Value	<u>\$482,406,919</u>

The County Treasurer collects property taxes on behalf of all taxing districts within the County. The County Auditor periodically remits to the taxing districts their portion of the taxes collected. The collection and distribution of taxes for all subdivisions within the County, excluding the County itself, is accounted for through agency funds. The amount of the County's tax collections is accounted for within the applicable funds.

**Note 9- Risk Management**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2009, the County contracted with the Ohio Government Risk Management Plan, operated by the Buckeye Joint-County Self-Insurance Council, an insurance purchasing pool, (see Note 18), for liability, auto, and crime insurance. Each member pays a premium for their coverage. The agreement provides that the Council will be self-sustaining through member premiums. In the event of losses, the first \$250 to \$2,500 of any valid claim, depending upon type of loss, will be paid by the member. The next payment, with a maximum payout ranging from \$100,000 to \$1,000,000 per occurrence, will come from the insurance purchasing pool based on the member's percentage of contribution. If the aggregate claims by the pool exceed the available resources, the pool may require the members to make additional supplementary payments. Jackson County does not have any ongoing financial interest or responsibility. The agreement between the Counties and the Council indicates that a voluntary withdrawal or termination by any county shall constitute a forfeiture of any pro rate share of the Council reserve fund. Current calculation of this potential residual interest is, therefore, not possible. During 2009, Jackson County paid \$134,733 to the Council for insurance coverage. Coverage provided by the program and applicable deductibles are as follows:

**Jackson County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

Property	Deductible	Limits of Coverage
Real Property	\$1,000	\$21,050,264
General Liability	0	1,000,000/3,000,000
Public Official Liability	5,000	1,000,000/3,000,000
Law Enforcement	5,000	1,000,000/3,000,000
Employee Benefits	0	1,000,000/3,000,000
Inland Marine	1,000	2,173,360
Medical Expense:	0	10,000/50,000
Employer's Liability (Stop Gap)	0	1,000,000
Electronic Equipment/Media Coverage:		
Electronic Equipment	1,000	500,000
Electronic Media	0	5,000
Extra Expense	0	5,000
Crime Coverage:		
Theft, Disappearance, Destruction	0	100,000
Public Dishonesty	0	250,000
Forgery and Alteration	0	5,000
Computer Fraud (Each Occurrence)	100	50,000
Automobile	1,000	1,000,000 Per Occurrence
Arson Reward	0	5,000
Fire Department Service Charge	0	1,000
Fire Protection Devices	0	5,000
Outdoor Property	0	100,000
Personal Effects	0	2,500
Polution Clean Up and Removal	0	100,000
Property Off Premises	0	10,000
Property in Transit	0	100,000
Accounts Receivable	0	250,000
Builders Risk	0	500,000
Fine Arts	0	25,000
Newly Acquired or Constructed Property:		
Building	0	2,000,000
Personal Property	0	1,000,000
Legal Liability Real Property	0	1,000,000

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

For 2009, the County participated in the County Commissioners Association of Ohio Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool (see Note 18). The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating Counties is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. In order to allocate the savings derived by formation of the Plan, and to maximize the number of participants in the Plan, the Plan's executive committee annually calculates the total savings which accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the Plan is limited to Counties that can meet the Plan's selection criteria. The firm of Gates McDonald, Inc. provides administrative, cost control and actuarial services to the Plan. Each year, the County pays an enrollment fee to the Plan to cover the costs of administering the program.

**Jackson County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

---

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

The County pays all elected officials bonds by State statute.

**Note 10 - Defined Benefit Pension Plans**

**A. Ohio Public Employees Retirement System**

Plan Description – The County participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the combined plan, OPERS invests employer contributions to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2009, members in state and local classifications contributed 10.0 percent of covered payroll, public safety members and law enforcement members contributed 10.1 percent.

The County's contribution rate for 2009 was 14.0 percent. For the period January 1 to March 31, 2009, a portion of the County's contribution rate equal to 7.0 percent of covered payroll was allocated to fund the post-employment health care plan; for the period April 1 through December 31, 2009, this amount was decreased to 5.5 percent. Employer contribution rates are actuarially determined. Ohio Revised Code provides statutory authority for member and employer contributions.

The County's required contributions for pension obligations to the traditional, combined and member-directed plans for the years ended December 31, 2009, 2008, and 2007, were \$1,228,799, \$1,232,292 and \$1,157,280, respectively. The full amount has been contributed for 2009, 2008, and 2007. Contributions to the member-directed plan for 2009 were \$27,341 made by the County and \$19,530 made by plans members. Contributions to the combined plan for 2009 were \$22,216 made by the County and \$15,869 made by plan members.

**B. State Teachers Retirement System**

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

**Jackson County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

---

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

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

Funding Policy - For the fiscal year ended June 30, 2009, 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 fiscal years ended June 30, 2009, 2008, and 2007 were \$25,014, \$28,640, and \$27,482 respectively; The full amount has been contributed for 2009, 2008, and 2007. There were no contributions made to either the DC or Combined plans in 2009.

**Note 11 - Postemployment Benefits**

**A. Ohio Public Employees Retirement System**

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

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

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

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

**Jackson County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

---

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2009, local government employers contributed 14.0 percent of covered payroll. Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. For 2009, the amount of the employer contributions which were allocated to fund post-employment health care was 7.0 percent from January 1 through March 31, 2009, and 5.5% from April 1 through December 31, 2009.

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

The County's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2009, 2008, and 2007, were \$515,657, \$616,146 and \$460,217, respectively. The full amount has been contributed for 2009, 2008, and 2007.

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, which allowed additional funds to be allocated to the health care plan.

***B. State Teachers Retirement System***

Plan Description – The County contributes to the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting [www.strsoh.org](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 employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The County's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$1,787, \$2,046, and \$1,963 respectively; The full amount has been contributed for 2009, 2008, and 2007.

**Jackson County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

**Note 12- Short-Term Obligations**

A summary of the note transactions for the year ended December 31, 2009, follows:

	Principal Outstanding 12/31/08	Additions	Deductions	Principal Outstanding 12/31/09
<b>Governmental Activities:</b>				
Bond Anticipation Notes:				
2008 Regional Detention Center - 2.75%	\$103,000	\$0	\$103,000	\$0
2008 Job and Family Services Center - 2.75%	475,000	0	475,000	0
2008 Courthouse Improvements - 2.75%	50,000	0	50,000	0
2008 Highway Garage - 2.75%	125,000	0	125,000	0
2008 GIS Project - 2.75%	19,000	0	19,000	0
2008 Computer Equipment - 2.75%	27,000	0	27,000	0
2008 Municipal Court Building - 2.75%	1,090,000	0	1,090,000	0
2008 Photo Mapping - 2.75%	105,000	0	105,000	0
2008 Map Office Building - 2.75%	80,000	0	80,000	0
2008 Highway Track Hoe - 2.75%	129,000	0	129,000	0
2008 County Fair Board - 2.75%	48,000	0	48,000	0
2008 Courthouse Portico - 2.75%	261,000	0	261,000	0
2008 Court Computer System - 2.75%	88,000	0	88,000	0
2008 Dump Truck - 2.75%	85,000	0	85,000	0
Total Governmental Activities:	<u>\$2,685,000</u>	<u>\$0</u>	<u>\$2,685,000</u>	<u>\$0</u>

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

All notes were bond anticipation notes and backed by the full faith and credit of the County. The notes are reflected in the funds which received the proceeds. All notes were retired with bond proceeds.

**Jackson County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

**Note 13 – Long Term Obligations**

A schedule of changes in long-term obligations of the County during 2009 follows:

	Principal Outstanding 12/31/08	Additions	Deductions	Principal Outstanding 12/31/09	Amounts Due in One Year
<b>Governmental Activities:</b>					
1998 Wastewater Treatment Facility General Obligation Bonds - 4.95%	\$115,000	\$0	\$25,000	\$90,000	\$25,000
2004 Health Department Roof Loan - 3.25%	9,606	0	9,606	0	0
2009 Various Purpose General Obligation Bonds:					
Serial Bonds - 2.00% - 3.50%	0	1,850,000	0	1,850,000	300,000
Term Bonds - 4.00%	0	320,000	0	320,000	300,000
Term Bonds - 4.50%	0	365,000	0	365,000	0
	<u>\$124,606</u>	<u>\$2,535,000</u>	<u>\$34,606</u>	<u>\$2,625,000</u>	<u>\$625,000</u>

Principal and interest requirements to retire the Wastewater Treatment Facility General Obligation Bonds outstanding at December 31, 2009, are as follows:

December 31,	Principal	Interest	Total
2010	\$30,000	\$4,455	\$34,455
2011	30,000	2,970	32,970
2012	30,000	1,485	31,485
	<u>\$90,000</u>	<u>\$8,910</u>	<u>\$98,910</u>

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

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

On August 26, 2009, the County issued unvoted Various Purpose General Obligation Bonds in the amount of \$2,535,000. The general obligation bonds issued included serial and term bonds in the amount of \$1,850,000 and \$685,000, respectively.

Principal and interest requirements to retire the Various Purpose General Obligations Bonds outstanding at December 31, 2010, are as follows:

**Jackson County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

December 31,	Serial		Term	
	Principal	Interest	Principal	Interest
2010	\$300,000	\$74,462	\$0	\$0
2011	320,000	68,463	0	0
2012	275,000	62,062	0	0
2013	175,000	56,563	0	0
2014	160,000	52,625	0	0
2015 - 2019	620,000	177,625	75,000	29,225
2020 - 2024	0	0	310,000	106,925
2025 - 2028	0	0	300,000	34,425
	<u>\$1,850,000</u>	<u>\$491,800</u>	<u>\$685,000</u>	<u>\$170,575</u>

The term bonds, issued at \$320,000, maturing December 1, 2023, are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

December 1,	Amount
2019	\$75,000
2020	60,000
2021	60,000
2022	60,000
2023	65,000
Total	<u>\$320,000</u>

The term bonds, issued at \$365,000, maturing December 1, 2028 are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed plus accrued interest to the date of redemption, on December 1, in the years and in the respective principal amounts as follows:

Fiscal Year Ending June 30,	Amount
2024	\$65,000
2025	70,000
2026	75,000
2027	75,000
2028	80,000
Total	<u>\$365,000</u>

The Justice Center (\$65,000), Courthouse Portico (\$195,000), and the Courthouse Renovations (\$40,000) portions will be retired from the General Bond Retirement Fund with property tax revenue from the General Fund. The Job and Family Services (\$445,000) portion will be retired from the Job and Family Services Center Bond Retirement Fund with rental payments received from the Job and Family Services Special Revenue Fund and property tax revenues from the General Fund. The Fair Board (\$35,000) portion will be retired from the Fair Board Bond Retirement Fund from charges for services revenue from the Jackson County Fair Board. The Highway Garage (\$85,000), Track Hoe (\$125,000), Photo Mapping (\$100,000), Map Office Building (\$75,000) and Engineer Building and Equipment (\$200,000) portion will be retired from the Motor Vehicle Gasoline Tax Bond Retirement Fund with license and gas tax revenue from the Motor Vehicle and Gasoline Tax Special Revenue Fund. The Municipal Court (\$1,100,000) portion will be retired from the Municipal Court Bond Retirement Fund with charges for services receipts from the Municipal Court Capital Improvements Fund. The Courts Computer (\$70,000) portion will be retired from the Courts Computer Bond Retirement Fund with fines, licenses, and permits revenues from the Computer/Equipment Capital Improvements Fund.

**Jackson County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

The Ohio Revised Code provides that net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 1 percent of the total assessed valuation of the County. The Revised Code further provides that the total voted and unvoted note debt of the County less the same exempt debt shall never exceed a sum equal to 3 percent of the first \$100,000,000 of assessed valuation, plus 1.5 percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus 2.5 percent of such valuation in excess of \$300,000,000. The effects of the debt limitations at December 31, 2009, were an overall legal debt margin of \$50,652,726 and an unvoted legal debt margin of \$482,407.

**Conduit Debt**

To assist private sector in acquiring and constructing facilities deemed to be in the public interest, the County on occasion has issued industrial revenue bonds. Mortgages on the facilities secure the bonds. The bonds are payable solely from payments received on the underlying mortgage loans. Upon repayment of the loans, ownership of the facilities will transfer to the private sector entities. The County, the State, or any other political subdivision is not obligated in any manner for paying the bonds, which are not reflected in the debt schedule above. At December 31, 2009, aggregate principal outstanding on the bonds was \$4,794,525.

**Note 14 – Contractual Commitments**

As of December 31, 2009, the County had contractual purchase commitments as follows:

Project	Fund	Contract Amount	Amount Expended	Balance at 12/31/09
Bridge Replacement	Motor Vehicle Gasoline Tax Special Revenue Fund	\$584,033	\$13,474	\$570,559

**Note 15 – Interfund Activity**

**A. Transfers**

During 2009, the following transfers were made:

<u>Transfer to</u>	<u>Transfer from Major Funds</u>			<u>Total</u>
	General Fund	Motor Vehicle and Gasoline Tax	Other Nonmajor Governmental	
Major Funds:				
General Fund	\$0	\$0	\$168,000	\$168,000
Other Nonmajor Governmental	1,063,712	472,327	1,488,760	3,024,799
Total All Funds	<u>\$1,063,712</u>	<u>\$472,327</u>	<u>\$1,656,760</u>	<u>\$3,192,799</u>

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

**Jackson County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

---

**B. Advances**

The Dog and Kennel Special Revenue Fund made a \$12,000 advance to the General Fund to reimburse the General Fund for an advance made in 2008 arising from the provision of cash flow resources from fines, licenses and permits receipts. The advance of \$5,975 from the General Fund to Other Governmental Funds was due to a negative cash balance in the Child Support Special Revenue Fund at year end.

**Note 16 – Jointly Governed Organizations**

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

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

The District is governed and operated through three groups. A twelve member Board of Directors, comprised of the three commissioners from each county, is responsible for the District's financial matters. Financial records are maintained by the District. The District's sole revenue source is a waste disposal fee for in-district and out-of-district waste. A twenty-five member Policy Committee, comprised of six members from each county and one at-large member appointed by the Policy Committee, is responsible for preparing the solid waste management plan of the District in conjunction with a Technical Advisory Council whose members are appointed by the Policy Committee. Each participating County's influence is limited to the numbers of members each appoints to the Board. Continued existence of the District is not dependent upon the County's continued participation, no equity interest exists, and no debt is outstanding. The County made no contributions to the District in 2009.

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

The Gallia, Jackson, Meigs Alcohol, Drug Addiction, and Mental Health Services Board (ADAMH), is a jointly governed organization of the three named counties. The ADAMH provides no direct services but contracts for their delivery. The ADAMH's function is to assess needs, and to plan, monitor, fund and evaluate the services.

The ADAMH is managed by an eighteen member Board. The Board is comprised of five members appointed by the Jackson County Commissioners, two by the Gallia County Commissioners, and three by the Meigs County Commissioners, which are proportionate to population, four by the Ohio Department of Drug and Alcohol, and four by the State Department of Mental Health. Each participating county's influence is limited to the number of members each appoints to the Board. The Board exercises total control of the budgeting, appropriating, contracting and managing.

All of the Board's revenue is derived from State and Federal grants awarded to the multi-county Board. Gallia County serves as fiscal agent for the Board. Continued existence of the ADAMH is not dependent upon the County's continued participation, no debt exists, and the County does not have an equity interest in the Board. During 2009, the County made no in payments to the Board.

**Jackson County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

---

***C. Southeast Ohio Emergency Medical Services District***

The Southeast Ohio Emergency Medical Services District (the EMS) was organized to provide emergency medical services to the resident of the southeast Ohio. The EMS serves Athens, Jackson, and Lawrence Counties. A nine member Board of Directors governs the EMS. Each County appoints three members to the Board of Directors, upon approval of the current board members. The Board of Directors, in conjunction with the Finance Director, budget and approve expenditures, retain responsibility for surpluses and deficits, and are responsible for any debt incurred. The EMS is not dependent upon Jackson County for its continued existence, and the County does not maintain an equity interest. Emergency medical services are provided to each county under a contractual agreement. Each county is billed on a monthly basis for the services provided to their county. In 2009, the County paid \$987,181 to the EMS for services provided to the County.

***D. Jackson-Vinton Community Action Agency***

The Jackson-Vinton Community Action Agency (the Agency) is a non-profit corporation organized to plan, conduct and coordinate programs designed to combat social and economic problems and to help eliminate conditions of poverty within Jackson and Vinton Counties. The Agency is governed by a Board comprised of public officials from Jackson and Vinton Counties, representatives of the poor in the area served and officials or members of the private sector of the community. The Agency controls its own operations and budget. In 2009, the County paid \$242,457 to the Agency for services provided to the County.

***E. Ohio Valley Regional Development Commission***

The Ohio Valley Regional Development Commission (the Commission) is a jointly governed organization that serves a twelve county economic development planning district in southern Ohio. The Commission was formed to influence favorably the future economic, physical and social development of Adams, Brown, Clermont, Fayette, Gallia, Highland, Jackson, Lawrence, Pike, Ross, Scioto, and Vinton Counties. Membership is comprised of elected and appointed county, municipal, and township officials or their officially appointed designees, as well as members of the private sector, community action agencies and regional planning commissions. The Commission is not dependent upon Jackson County for its continued existence. In 2009, the County made \$5,713 in contributions to the Commission.

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

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

**Jackson County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

---

**G. Southern Ohio Council of Governments**

The County is a member of the Southern Ohio Council of Governments (the "Council"), which is a jointly governed organization created under Ohio Revised Code Section 167.01. The governing body consists of a thirteen member board with each participating County represented by its Director of its Board of Developmental Disabilities (DD). Member counties include: Adams, Athens, Brown, Fayette, Gallia, Highland, Jackson, Lawrence, Pickaway, Pike, Ross, Scioto, and Vinton Counties. The Council acts as fiscal agent for the Jackson County DD's supportive living program monies. During 2009, the Council received \$29,383 from Jackson County and as of December 31, 2009, the County had a \$103,158 balance on hand with the Council.

These monies are recorded as "Cash and Cash Equivalents in Segregated Accounts" on the County's financial statements. Financial statements can be obtained from the Council at 43 N. Paint St., Chillicothe, Ohio 45601.

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

The Ohio Valley Resource Conservation and Development Area, Inc. is a jointly governed organization that is operated as a non-profit corporation. The Ohio Valley Resource Conservation and Development Area, Inc. was created to aid regional planning to participating counties. Jackson County, along with Ross, Vinton, Highland, Gallia, Brown, Adams, Pike, Scioto, and Lawrence Counties each appoint three members to the thirty member Council. The Council selects an administrator to oversee operations. In 2009, the County made no contributions to the OVRCD.

**Note 17 – Joint Venture**

**South Central Ohio Regional Juvenile Detention Center**

The County is a participant with Highland, Pike, Ross, Vinton, and Fayette counties in the South Central Ohio Regional Juvenile Detention Center (the Center) which is a facility that provides temporary housing for juvenile offenders awaiting disposition by the respective juvenile courts of the member counties. The juvenile judge from each participating county appoints one trustee to serve on the Board, except Ross County which appoints two trustees since it is the home county. The Commissioners of each county have final approval of their respective trustee. Each county is obligated to provide financial support to the Center through per diem charges and assessments which are based on the total assessed valuation of each county in proportion to the total assessed valuation of all participating counties. The County has an ongoing financial responsibility for this entity and, during 2009, contributed \$126,538 toward the operation of this facility. During 2001, the Board of Trustees for the Center determined that it was necessary to improve the Center by constructing a new facility and making related improvements to the existing facility. This work, completed in 2004, had a total cost of \$5,834,000. The County's equity interest in that Center was determined to be \$482,000. The Center is not accumulating significant financial resources or experiencing fiscal distress which would cause an additional financial benefit to or burden on the County. The Ross County Auditor is the fiscal agent for the Center. Complete financial statements of the joint venture can be obtained from the Ross County Auditor, Ross County Courthouse, 2 North Paint Street, Suite G, Chillicothe, Ohio 45601.

**Note 18 – Insurance Purchasing Pools**

**A. Buckeye Joint-County Self-Insurance Council**

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

**Jackson County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

---

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

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

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

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

**Note 19 – Revolving Loan Program**

The County participates in a Community Development Block Grant Revolving Loan Program. The goal of the Revolving Loan Fund (RLF) is to enable eligible communities to overcome specific gaps in local capital markets that inhibit business and industry from obtaining suitable credit, and thereby impede local economic growth and stability. The primary goal of each RLF project will be private sector job creation or retention of which at least 51% of such jobs must be taken by or made available to persons from low and moderate income households. The program is administered by the Jackson County Economic Development Commission. At December 31, 2009, total outstanding balances were \$694,047, principal loan revenue was \$51,569, and the County paid \$16,136 in administrative costs.

**Note 20 – Contingent Liabilities**

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

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

**Note 21 – Food Stamps**

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

**Jackson County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

---

**Note 22 – Component Unit Disclosures**

***Jackson County Airport Authority***

The following are the Jackson County Airport Authority (the Authority) notes to the financial statements for the year ended December 31, 2009:

***Summary of Significant Accounting Policies***

Basis of Presentation: The Summary of Significant Accounting Policies is presented to assist in understanding the Authority's financial statements. The financial statements and notes are representations of the Authority's management, who are responsible for their integrity and objectivity. These accounting policies conform to the basis of accounting prescribed or permitted by the Auditor of State. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

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

Cash and Cash Equivalents: The Authority considers deposits with maturities of twelve months or less to be cash equivalents. At December 31, 2009, the carrying amount of the Authority's deposits was \$874 and the bank balance was \$874. The entire bank balance was covered by federal depository insurance. The remaining cash balance of the Authority is now part of the County's cash and investments pool.

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

**Jackson County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

---

This page intentionally left blank.

JACKSON COUNTY

FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2009

FEDERAL GRANTOR / Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<b><u>UNITED STATES DEPARTMENT OF AGRICULTURE</u></b>			
<i>Passed Through Ohio Department of Job and Family Services</i>			
<i>Supplemental Nutrition Assistance (Food Assistance) Cluster:</i>			
Supplemental Nutrition Assistance Program	G-89-20-1085/G-1011-11-5060	10.551	\$ 3,788
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (Administrative Costs)	G-89-20-1085/G-1011-11-5060	10.561	286,010
ARRA - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (Administrative Costs)	G-89-20-1085/G-1011-11-5060	10.561	28,735
Total State Administrative Matching Grants for the Supplemental Nutrition Assistance Program			314,745
Total Supplemental Nutrition Assistance (Food Assistance) Cluster			318,533
Total United States Department of Agriculture			318,533
<b><u>UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>			
<i>Passed Through Ohio Department of Development:</i>			
<i>Community Development Block Grant - State's Program</i>			
	B-F-07-037-1	14.228	\$ 101,555
	B-F-08-037-1	14.228	80,195
	B-C-08-037-1	14.228	67,292
	B-Z-08-075-1	14.228	2,000
Revolving Loan	N/A	14.228	36,603
Total Community Development Block Grant - State's Program			287,645
HOME Investment Partnerships Program	B-C-06-037-2	14.239	157,403
Total United States Department of Housing and Urban Development			445,048
<b><u>UNITED STATES DEPARTMENT OF JUSTICE COMMUNITY ORIENTED POLICING SERVICES</u></b>			
<i>Direct from the Federal Government</i>			
ARRA - Public Safety Partnership and Community Policing Grants	N/A	16.710	10,476
Total United States Department of Justice Community Oriented Policing Services			10,476
<b><u>UNITED STATES DEPARTMENT OF LABOR</u></b>			
<i>Passed Through Workforce Investment Act, Area 7:</i>			
<i>Workforce Investment Act (WIA) Cluster:</i>			
<i>Workforce Investment Act - Adult</i>			
	N/A	17.258	226,058
ARRA - Workforce Investment Act - Adult		17.258	142,533
Total Workforce Investment Act - Adult			368,591
<i>Workforce Investment Act - Youth Activities</i>			
	N/A	17.259	165,417
ARRA - Workforce Investment Act - Youth Activities		17.259	246,709
Total Workforce Investment Act - Youth Activities			412,126
<i>Workforce Investment Act - Dislocated Workers</i>			
	N/A	17.260	376,138
ARRA - Workforce Investment Act - Dislocated Workers		17.260	105,075
Workforce Investment Act - Rapid Response - Fiscal Year 2009		17.260	78,761
Workforce Investment Act - Rapid Response - Fiscal Year 2008		17.260	(78,618)
Total Workforce Investment Act - Dislocated Workers			481,356
Total WIA Cluster			1,262,073
Total United States Department of Labor			1,262,073
<b><u>UNITED STATES DEPARTMENT OF TRANSPORTATION</u></b>			
<i>Direct from the Federal Government</i>			
<i>Airport Improvement Program</i>			
	AIP-3-39-0041-0506	20.106	3,638
	AIP-3-39-0041-0607	20.106	8,038
	AIP-3-39-0041-0708	20.106	66,554
	AIP-3-39-0041-0809	20.106	12,343
Total Airport Improvement Program			90,573
<i>Passed Through Ohio Department of Transportation:</i>			
Highway and Planning Construction	N/A	20.205	27,234
<i>Passed Through Ohio Emergency Management Agency:</i>			
Interagency Hazardous Materials Public Sector Training and Planning Grant	N/A	20.703	1,593
Total United States Department of Transportation			119,400

JACKSON COUNTY

FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)

FEDERAL GRANTOR / Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<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	6B-SF-2009	84.027	\$ 23,866
ARRA - Special Education - Grants to States		84.027	5,861
Total Special Education - Grants to States			29,727
Special Education - Preschool Grants	PG-S1-2009	84.173	4,997
Total Special Education Cluster			34,724
State Grants for Innovative Programs	C2-S1-2009	84.298	36
Total United States Department of Education			34,760
<b><u>UNITED STATES ELECTION ASSISTANCE COMMISSION</u></b>			
<i>Passed through Ohio Secretary of State</i>			
Help America Vote Act Requirement Payments	N/A	90.401	4,106
Total United States Election Assistance Commission			4,106
<b><u>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>			
<i>Passed through Ohio Secretary of State</i>			
Voting Access for Individual with Disabilities - Grants to States	N/A	93.617	2,560
<i>Passed Through Ohio Department of Job and Family Services</i>			
Promoting Safe and Stable Families	G-89-20-1085/G-1011-11-5060	93.556	30,669
Temporary Assistance for Needy Family	G-89-20-1085/G-1011-11-5060	93.558	1,526,878
Child Support Enforcement	G-89-20-1085/G-1011-11-5060	93.563	470,223
ARRA - Child Support Enforcement			33,349
Total Child Support Enforcement			503,572
Child Care Cluster:			
Child Care and Development Block Grant	G-89-20-1085/G-1011-11-5060	93.575	115,816
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	G-89-20-1085/G-1011-11-5060	93.596	209,735
ARRA Child Care and Development Block Grant	G-89-20-1085/G-1011-11-5060	93.713	54,956
Total Child Care Cluster:			380,507
Child Welfare Services_State Grants	G-89-20-1085/G-1011-11-5060	93.645	21,556
Foster Care	G-89-20-1085/G-1011-11-5060	93.658	351,072
ARRA Foster Care	G-89-20-1085/G-1011-11-5060	93.658	20,351
Total Foster Care			371,423
Adoption Assistance	G-89-20-1085/G-1011-11-5060	93.659	27,488
Child Abuse and Neglect State Grants	G-89-20-1085/G-1011-11-5060	93.669	2,000
Children's Health Insurance Program	G-89-20-1085/G-1011-11-5060	93.767	4,911
Social Services Block Grant			
<i>Passed through Ohio Department of Developmental Disabilities</i>			
Social Services Block Grant	N/A	93.667	26,697
<i>Passed Through Ohio Department of Job and Family Services</i>			
Social Services Block Grant	G-89-20-1085/G-1011-11-5060	93.667	1,038,347
Total Social Services Block Grant			1,065,044
Medical Assistance Program			
<i>Passed through Ohio Department of Developmental Disabilities</i>			
Medical Assistance Program	N/A	93.778	19,092
<i>Passed Through Ohio Department of Job and Family Services</i>			
Medical Assistance Program	G-89-20-1085/G-1011-11-5060	93.778	526,391
Total Medical Assistance Program			545,483
Total United States Department of Health and Human Services			4,482,091

JACKSON COUNTY

FEDERAL AWARDS EXPENDITURES SCHEDULE  
 FOR THE YEAR ENDED DECEMBER 31, 2009  
 (Continued)

FEDERAL GRANTOR / Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<b><u>UNITED STATES DEPARTMENT OF HOMELAND SECURITY</u></b>			
<i>Passed Through Ohio Emergency Management Agency:</i>			
Emergency Management Performance Grant	2008-EM-EB-0002	97.042	22,064
	2009-EP-E9-0061	97.042	<u>7,597</u>
Total Emergency Management Performance Grant			29,661
Homeland Security Grant	2007-GE-T7-0030	97.067	320,685
	2008-GE-T8-0025	97.067	<u>194,977</u>
Total Homeland Security Grant			<u>515,662</u>
Total United States Department of Homeland Security			<u>545,323</u>
<b>Total Federal Awards Expenditures</b>			<b><u>\$ 7,221,810</u></b>

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

**This page intentionally left blank.**

**JACKSON COUNTY**

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

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS**

The County has 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. The Schedule reports loans made and administrative costs as disbursements on the Schedule. Subsequent loans are subject to the same compliance requirements imposed by HUD as the initial loans.

These loans are collateralized by machinery and equipment.

Activity in the CDBG revolving loan fund during 2009 is as follows:

Beginning loans receivable balance as of January 1, 2009:	\$ 745,616
Loans made:	0
Loan principal repaid during 2009:	(51,569)
Ending loans receivable balance as of December 31, 2009:	<u>\$ 694,047</u>
Cash balance on hand in the revolving loan fund as of December 31, 2009:	\$ 188,422
Interest subsidies and administrative costs expended during 2009:	16,136
Total value of the revolving loan fund portion of the CDBG 14.228 program:	<u>\$ 898,605</u>
Cash balance on hand in the microenterprise revolving loan fund *:	37,500
Expenditures in the microenterprise revolving loan fund*:	12,500
Expenditures in the county road 44 relocation study fund*:	7,967
Other grants administered through the CDBG 14.228 program:	251,042
<b>Total CDBG 14.228 program:</b>	<u><b>\$ 1,207,614</b></u>
Interest subsidies and administrative costs expended during 2009:	\$ 16,136
Expenditures in the microenterprise revolving loan fund*:	12,500
Expenditures in the county road 44 relocation study fund*:	7,967
Other grants administered through the CDBG 14.228 program:	251,042
<b>Total CDBG 14.228 program Federal Schedule Expenditures:</b>	<u><b>\$ 287,645</b></u>

\*During 2008, Ohio Department of Development Office of Housing and Community Partnerships approved a waiver request to use \$100,000 of revolving loan fund program income to establish a microenterprise revolving loan fund and a waiver request to use \$10,000 of revolving loan fund for a county road 44 relocation study.

The table above reports gross loans receivable. Of the loans receivable as of December 31, 2009, the County estimates none to be uncollectible. There were no delinquent amounts outstanding.

**JACKSON COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)**

**NOTE C – MATCHING REQUIREMENTS**

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



# Mary Taylor, CPA

Auditor of State

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

Jackson County  
226 East Main Street  
Jackson, Ohio 45640

To the Board of County Commissioners:

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Jackson County, Ohio (the County), as of and for the year ended December 31, 2009, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 21, 2010, wherein we noted that the County uses a comprehensive accounting basis other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2009-006 and 2009-008 described in the accompanying Schedule of Findings to be material weaknesses.

### **Compliance and Other Matters**

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2009-001 through 2009-007.

We also noted certain matters not requiring inclusion in this report that we reported to the County's management in a separate letter dated December 21, 2010.

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

We intend this report solely for the information and use of 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.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

December 21, 2010



# Mary Taylor, CPA

## Auditor of State

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

Jackson County  
226 East Main Street  
Jackson, Ohio 45640

To the Board of County Commissioners:

#### Compliance

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits 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.

As described in finding 2009-009 in the accompanying Schedule of Findings, the County did not comply with requirements regarding cash management applicable to its Community Development Block Grant Program. Compliance with this requirement is necessary, in our opinion, for the County to comply with requirements applicable to this program.

In our opinion, except for the noncompliance described in the preceding paragraph, the County complied, in all material respects, with the requirements referred to above applicable to each of its major federal programs for the year ended December 31 2009.

The results of our auditing procedures also disclosed another instance of noncompliance with those requirements that, while not affecting our opinion on compliance, OMB Circular A-133 requires us to report. The accompanying Schedule of Findings lists this instance as Finding 2009-010.

743 E. State St. / Athens Mall Suite B / Athens, OH 45701-2157  
Telephone: (740) 594-3300 (800) 441-1389 Fax: (740) 594-2110  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

### Internal Control Over Compliance

The County's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, we cannot assure we have identified all deficiencies, significant deficiencies, or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

*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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings as item 2009-009 to be a material weakness.

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

We also noted matters involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the County's management in a separate letter dated December 21, 2010.

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



**Mary Taylor, CPA**  
Auditor of State

December 21, 2010

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

**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 other 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 noncompliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any other 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>	Qualified on Community Development Block Grant – State's Program – CFDA #14.228; Unqualified on All Other Programs
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under §.510?</b>	Yes
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Supplemental Nutrition Assistance (Food Assistance) Cluster – CFDA #10.551 and #10.561 Community Development Block Grant – State's Program –CFDA #14.228 Workforce Investment Act Cluster – CFDA #17.258, #17.259, and #17.260 Temporary Assistance for Needy Families – CFDA #93.558 Child Support Enforcement – CFDA #93.563 Child Care Cluster – CFDA #93.575, #95.596, and #93.713 Foster Care – CFDA #93.658 Social Services Block Grant – CFDA #93.667 Medical Assistance Program – CFDA #93.778 Homeland Security Grant – CFDA #97.067
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

**JACKSON COUNTY**  
**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A-133 § .505**  
**DECEMBER 31, 2009**  
**(Continued)**

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

**FINDING NUMBER 2009-001**

**Noncompliance Citation - Finding for Recovery**

Angela Walton, former Tuberculosis (TB) Clerk, utilized the County Commissioner's Walmart credit card to make purchases for her own personal use. Ms. Walton made the following purchases during the period April 27, 2010 through July 2, 2010:

Purchases	Amount
WM Visa Gift Cards	\$ 958
American Express Gift Cards	1,104
Gatorade	6
Jewelry	1,193
Red Lobster Cards	50
Shopping Cards	75
Total Purchases	3,386
Less Cash Payments in Store made by Angela Walton:	(403)
Total Charges Paid by County	\$ 2,983

In accordance with the foregoing facts, and pursuant to Ohio Revised Code Section 117.28, a finding for recovery for monies illegally expended is hereby issued against Angela Walton, former TB Clerk, in the amount of \$2,983, in favor of the Jackson County TB Fund.

**Officials' Response:** This matter has been turned over to the Jackson County Prosecutor.

**FINDING NUMBER 2009-002**

**Noncompliance Citation - Finding for Recovery**

Eugenia Wolford, former Engineer Administrative Assistant, utilized the County Engineer's Walmart credit card to make purchases for her own personal use. These purchases included groceries, cameras, DVD's, clothes and various other items for personal use. In addition, late fees were charged on these purchases when the credit card payment was not made timely. Mrs. Wolford made the following purchases during the period December 20, 2006 through February 17, 2010 with statement dates of January 16, 2007 through March 16, 2010:

Purchases	Amount
2007 Statement Purchases for Personal Use	\$ 1,756
2008 Statement Purchases for Personal Use	270
2009 Statement Purchases for Personal Use	2,654
2010 Statement Purchases for Personal Use	451
Total Purchase Charges	5,131
Late Fees on Charges	93
Total Personal Use Charges	\$ 5,224

**JACKSON COUNTY**  
**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A-133 § .505**  
**DECEMBER 31, 2009**  
**(Continued)**

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

**FINDING NUMBER 2009-002 (Continued)**

**Noncompliance Citation - Finding for Recovery (Continued)**

In accordance with the foregoing facts, and pursuant to Ohio Revised Code Section 117.28, a finding for recovery for monies illegally expended is hereby issued against Eugenia Wolford, former Engineer Administrative Assistant, in the amount of \$5,224, in favor of the Jackson County Motor Vehicle Gasoline Tax Fund.

**Officials' Response:** This matter has been turned over to the Jackson County Prosecutor.

**FINDING NUMBER 2009-003**

**Noncompliance Citation - Finding for Recovery**

Eugenia Wolford, former Engineer Administrative Assistant, utilized the County Engineer's BP credit card to make gasoline purchases for her own personal use. Mrs. Wolford made the following purchases during the period March 30, 2006 through March 3, 2010:

Purchases	Amount
2007 Gasoline Purchases	\$ 1,137
2008 Gasoline Purchases	2,894
2009 Gasoline Purchases	2,839
2010 Gasoline Purchases	910
Total Charges Paid by County	\$ 7,780

In accordance with the foregoing facts, and pursuant to Ohio Revised Code Section 117.28, a finding for recovery for monies illegally expended is hereby issued against Eugenia Wolford, former Engineer Administrative Assistant, in the amount of \$7,780, in favor of the Jackson County Motor Vehicle Gasoline Tax Fund.

**Officials' Response:** This matter has been turned over to the Jackson County Prosecutor.

**FINDING NUMBER 2009-004**

**Noncompliance Citation - Finding for Recovery**

Eugenia Wolford, former Engineer Administrative Assistant, utilized the County Engineer's VISA credit card to make purchases for her own personal use. Mrs. Wolford made the following purchases during the period March 30, 2006 through March 12, 2010 for her personal use:

**JACKSON COUNTY**  
**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A-133 § .505**  
**DECEMBER 31, 2009**  
**(Continued)**

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

**FINDING NUMBER 2009-004 (Continued)**

**Noncompliance Citation - Finding for Recovery (Continued)**

Purchases	Amount
AT&T Mobility	\$ 4,051
Buckeye Rural Electric	9,888
Cingular	4,189
Dish Network	2,022
The Ritz	1,450
Western Union	1,875
Total Purchase Charges	23,475
Finance Charges and Late Fees	1,630
Total Charges Paid by County	\$ 25,105

In accordance with the foregoing facts, and pursuant to Ohio Revised Code Section 117.28, a finding for recovery for monies illegally expended is hereby issued against Eugenia Wolford, former Engineer Administrative Assistant, in the amount of \$25,105, in favor of the Jackson County Motor Vehicle Gasoline Tax Fund.

**Officials' Response:** This matter has been turned over to the Jackson County Prosecutor.

**FINDING NUMBER 2009-005**

**Noncompliance Citation**

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

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

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

**Officials' Response:** Due to budget cuts in the County, we cannot afford to convert to GAAP.

**JACKSON COUNTY**  
**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A-133 § .505**  
**DECEMBER 31, 2009**  
**(Continued)**

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

**FINDING NUMBER 2009-006**

**Noncompliance Citation/Material Weakness**

Ohio Rev. Code Section 5705.41(B) prohibits a subdivision or taxing unit from expending money unless it has been appropriated.

The County issued Bonds in the amount of \$2,535,000 during the audit period. Of this amount, \$200,000 was new debt. The remaining \$2,335,000 was used to pay off the outstanding Bond Anticipation Notes. The County Commissioners did not amend appropriations for the debt and the County Auditor did not record the resulting payoff of the old note debt or the proceeds of the new bonds with the exception of the \$200,000 new proceeds. An audit adjustment was made to the financial statements to reflect the correct debt principal payments and related debt proceeds from the issuance of the Bonds.

We recommend the County Commissioners amend appropriations and estimated resources when issuing debt and paying off old debt with the proceeds. The County Auditor should then record the corresponding payoff of the old debt and the proceeds of the new debt.

**Officials' Response:** We converted to bonds in 2009, this should go away next year.

**FINDING NUMBER 2009-007**

**Noncompliance Citation**

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

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

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

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

**JACKSON COUNTY**  
**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A-133 § .505**  
**DECEMBER 31, 2009**  
**(Continued)**

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

**FINDING NUMBER 2009-007 (Continued)**

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

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

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

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

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

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

**Officials’ Response:** The current staff in the office cannot handle the additional work load will create, we would need to hire a purchase order clerk.

**FINDING NUMBER 2009-008**

**Material Weakness**

The County’s reconciliation process is two-fold. First, the County Treasurer must reconcile to the bank. Secondly, the County Auditor must reconcile to the County Treasurer’s balance. However, the County Treasurer did not prepare timely reconciliations, resulting in the County Auditor reconciling to a Treasurer’s Fund Report that was not correct.

The County Treasurer’s reconciliation as of December 31, 2009 was not completed until September 29, 2010. This resulted in delays in the audit process and resulted in several adjustments being required to the Auditor’s balance at December 31, 2009. The adjustments were recorded by the County’s third party

**JACKSON COUNTY**  
**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A-133 § .505**  
**DECEMBER 31, 2009**  
**(Continued)**

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

**FINDING NUMBER 2009-008 (Continued)**

**Material Weakness (Continued)**

conversion team when preparing the County's basic financial statements.

For the County Auditor's balance, these adjustments include recording interest totaling \$10,017, eliminating double posting errors or receipts totaling \$196,121, recording deposits in the bank totaling \$33,297, recording bank service charges of \$4,606 and recording bank corrections totaling \$957 in the general account and \$2,131 in the payroll account.

In addition to the adjustments required to the County Auditor's balance, the County Treasurer had other adjustments not recorded to his General Ledger, including a treasury check for \$307,911 not recorded, \$51,473 in payroll tax payments not recorded, and \$12,905 in payroll account interest not recorded. These additional items were correctly recorded by the County Auditor but not recorded by the County Treasurer.

Lack of timely reconciliations resulted in many reconciling items going uncorrected for extended periods of time. Further, of the reconciling items noted above, some have been carried forward as reconciling items since 2008. Lack of timely reconciliations also resulted in delays in performing the financial audit as financial statements could not be completed until reconciliations were complete.

We recommend the County Treasurer prepare timely reconciliations and reconciling items should be timely corrected enabling the County Auditor to perform timely reconciliations to a corrected Treasurer's Fund Report.

**Officials' Response:** The County Treasurer agrees to prepare timely reconciliations and to timely correct reconciling items. Reconciliations should be current by March 2011, and all reconciling items will be corrected as quickly as possible thereafter.

**3. FINDINGS FOR FEDERAL AWARDS**

<b>Finding Number</b>	2009-009
<b>CFDA Title and Number</b>	Community Development Block Grant – CFDA #14.228
<b>Federal Award Number / Year</b>	B-F-07-037-1, B-F-08-037-1, and B-C-08-037-1
<b>Federal Agency</b>	United States Department of Housing and Urban Development
<b>Pass-Through Agency</b>	Ohio Department of Development

**Noncompliance Citation/Material Weakness - Cash Management**

**Cash Management**

According to the State of Ohio Department of Development, Office of Housing and Community Partnership Financial Management Rules and Regulations Handbook, Section (A)(3)(f), the grantee must develop a cash management system to ensure compliance with the Fifteen Day Rule relating to prompt

**JACKSON COUNTY**  
**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A-133 § .505**  
**DECEMBER 31, 2009**  
**(Continued)**

**3. FINDINGS FOR FEDERAL AWARDS (Continued)**

**FINDING NUMBER 2009-009 (Continued)**

**Noncompliance Citation/Material Weakness (Continued)**

disbursement of funds. This rule states that funds drawn down should be limited to amounts that will enable the grantee to disburse the funds on hand to a balance of less than \$5,000 within fifteen days of receipt of any funds. Lump sum draw downs are not permitted.

The State of Ohio Department of Development, Office of Housing and Community Partnership Financial Management Rules and Regulations Handbook, Section (A)(3)(I), states that the grantee should deposit federal funds received from OHCP in a non-interest bearing account. If the grantee deposits funds in an interest bearing account, the grantee must remit to OHCP, on at least a quarterly basis, any interest earned that totals more than \$100 per year. The check must be payable to the U.S. Department of Housing and Urban Development. In addition, the grantee must, on a monthly basis, credit any interest earned to the appropriate grant. The only exception is an escrow account for rehabilitation of private property.

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

**From Grant B-F-08-037-1 – Community Development Block Grant:**

Draw number 294, dated November 25, 2008, was requested in the amount of \$8,000 for administration costs. The County received the funding on December 29, 2008; however, there were no disbursements during the 15 day period. Therefore, the money was not expended within fifteen days of receipt as required, and the balance exceeded \$5,000 until January 22, 2009.

Draw number 300, dated June 4, 2009, was requested in the amount of \$57,800 for rehabilitation, conversion costs, and fair housing. The County received the funding on June 23, 2009; however, there were only \$4,000 of disbursements during the 15 day period. Therefore, \$ 53,800 was not expended within fifteen days of receipt as required, and the balance exceeded \$5,000 until September 2, 2009.

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

Draw number 297, dated March 10, 2009, was requested in the amount of \$46,112 for Coalton Street Improvements. The County received the funding on April 7, 2009; however, disbursements during the 15 day period totaled 2,495, leaving \$40,764 not disbursed within fifteen days. Therefore, money was not expended within fifteen days of receipt as required, and the balance exceeded \$5,000 until June 24, 2009.

**From Grant B-C-08-037-1 – Community Development Block Grant:**

Draw number 302, dated July 28, 2009, was requested in the amount of \$30,970 for home repairs and administrative costs. The County received the funding on September 22, 2009; however, disbursements during the 15 day period totaled \$0, leaving \$30,970 not disbursed within fifteen days. Therefore, money was not expended within fifteen days of receipt as required, and the balance exceeded \$5,000 until September 10, 2009.

Draw number 303, dated August 25, 2009, was requested in the amount of \$17,994 for home repair. The County received the funding on September 22, 2009; however, disbursements during the 15 day period totaled \$0, leaving \$17,994 not disbursed within fifteen days. Therefore, money was not

**JACKSON COUNTY**  
**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A-133 § .505**  
**DECEMBER 31, 2009**  
**(Continued)**

**3. FINDINGS FOR FEDERAL AWARDS (Continued)**

**FINDING NUMBER 2009-009 (Continued)**

**Noncompliance Citation/Material Weakness (Continued)**

expended within fifteen days of receipt as required, and the balance exceeded \$5,000 until October 14, 2009.

Based on our testing utilizing the 3.0% average 2009 U.S. Treasury Current Value of Funds Rate, we estimate the imputed interest could have been \$433 for the year ended December 31, 2009.

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

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

<b>Finding Number</b>	2009-010
<b>CFDA Title and Number</b>	Supplemental Nutrition Assistance (Food Assistance) Cluster – CFDA #'s 10.551 and 10.561; Community Development Block Grant – State's Program – CFDA #14.228; HOME Investment Partnerships Program – CFDA #14.239; ARRA – Public Safety Partnership and Community Policing Grants – CFDA #16.710; Workforce Investment Act Cluster – CFDA #'s 17.258, 17.259 and 17.260; Airport Improvement Program – CFDA #20.106; Highway and Planning Construction – CFDA #20.205; Interagency Hazardous Materials Public Sector Training and Planning Grant – CFDA #20.703; Special Education Cluster – CFDA #'s 84.027 and 84.173; State Grants for Innovative Programs – CFDA #84.298; Help America Vote Act Requirement Payments – CFDA #90.401; Voting Access for Individuals with Disabilities – Grants to States – CFDA #93.617; Promoting Safe and Stable Families – CFDA #93.556; Temporary Assistance for Needy Families – CFDA #93.558; Child Support Enforcement – CFDA #93.563; Child Care Cluster – CFDA #'s 93.575, 93.596 and 93.713; Child Welfare Services_State Grants – CFDA #93.645; Foster Care – CFDA #93.658; Adoption Assistance – CFDA #93.659; Child Abuse and Neglect State Grants – CFDA #93.669; Children's Health Insurance Program – CFDA #93.767; Social Services Block Grant – CFDA #93.667; Medical Assistance Program – CFDA #93.778; Emergency Management Performance Grant – CFDA #97.042; and Homeland Security Grant – CFDA #97.067
<b>Federal Award Number / Year</b>	G-89-20-1085; G-1011-11-5060; B-F-07-037-1; B-F-08-037-1; B-C-08-037; B-Z-08-075-1; B-C-06-037-2; AIP-3-39-0041-0506; AIP-3-39-0041-0607; AIP-3-39-0041-0708; AIP-3-39-0041-0809; 6B-SF-2009; PG-S1-2009; C2-S1-2009; 2008-EM-EB-0002; 2009-EP-E9-0061; 2007-GE-T7-0030; and 2008-GE-T8-0025

**JACKSON COUNTY**  
**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A-133 § .505**  
**DECEMBER 31, 2009**  
**(Continued)**

**3. FINDINGS FOR FEDERAL AWARDS (Continued)**

**FINDING NUMBER 2009-010 (Continued)**

**Noncompliance Citation (Continued)**

<b>Federal Agency</b>	U.S. Department of Agriculture; U.S. Department of Housing and Urban Development; U.S. Department of Justice Community Oriented Policing Services; U.S. Department of Labor; U.S. Department of Transportation; U.S. Department of Education; U.S. Election Assistance Commission; U.S. Department of Health and Human Services; and U.S. Department of Homeland Security
<b>Pass-Through Agency</b>	Ohio Department of Job and Family Services; Ohio Department of Development; Workforce Investment Act, Area 7; Ohio Department of Transportation; Ohio Emergency Management Agency; Ohio Department of Education; Ohio Secretary of State; and Ohio Department of Developmental Disabilities

OMB Circular Number A-133, Subpart B §\_.200(a) requires that non-federal entities that expend \$500,000 or more in a year in Federal awards shall have a single or program-specific audit conducted annually. Subpart C, §\_.300(e) also requires the auditee to ensure that the audits required by this part are properly performed and submitted when due (within nine months of the year end).

Although an annual federal single audit for the year ended December 31, 2009 was performed, it was not timely. The audit could not be completed by the required deadline due to the County not having the financial statements prepared in a timely fashion as a result of bank reconciliations not being completed timely. Further, the issues noted in Findings 2009-001 through 2009-004 resulted in delays in completing the annual audit.

We recommend the County complete the necessary financial information in a timely fashion in order to complete the annual federal single audit by the required deadline.

**Officials' Response:** Fund reconciliations were completed timely by the County Auditor and did not affect audit time. The Auditor does not control bank reconciliations as this is a Treasurer function.

**JACKSON COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2008-001	A citation was issued under Ohio Rev. Code Section 117.38 and Ohio Admin. Code Section 117-2-03(B) for not preparing and filing the annual report in accordance with Generally Accepted Accounting Principles.	No	Not Corrected. Reissued in the current audit as Finding Number 2009-005.
2008-002	A citation was issued under Ohio Rev. Code Section 5705.41(B) for the County not amending appropriations for note debt and not recording resulting payoff of the old note debt.	No	Not Corrected. Reissued in the current audit as Finding Number 2009-006.
2008-003	A citation was issued under Ohio Rev. Code Section 5705.41(D)(1) for not properly encumbering.	No	Not Corrected. Reissued in the current audit as Finding Number 2009-007.
2008-004	A citation and material weakness was issued under Ohio Admin. Code Section 117-2-01(D) relating to the Airport Authority for the lack of policies, security of assets, and not providing sufficient accounting records.	Yes	
2008-005	A finding for recovery repaid under audit	Yes	
2008-006	A citation was issued under Ohio Dept. of Development, Office of Housing and Community Partnership Financial Management Rules and Regulations Handbook, Section (A)(3)(f) for not complying with the 15-day rule.	No	Not Corrected. Reissued in the current audit as Finding Number 2009-009.
2008-007	A material weakness was issued under 49 C.F.R. 18.20(b)(3) relating to the Airport Authority for lack of internal controls over federal program requirements.	Yes	

**JACKSON COUNTY**

**CORRECTIVE ACTION PLAN  
OMB CIRCULAR A-133 §.315(c)  
DECEMBER 31, 2009**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2009-001	This matter has been turned over to the Jackson County Prosecutor.	Unknown	Jonathan Blanton, County Prosecutor
2009-002	This matter has been turned over to the Jackson County Prosecutor.	Unknown	Jonathan Blanton, County Prosecutor
2009-003	This matter has been turned over to the Jackson County Prosecutor.	Unknown	Jonathan Blanton, County Prosecutor
2009-004	This matter has been turned over to the Jackson County Prosecutor.	Unknown	Jonathan Blanton, County Prosecutor
2009-005	Due to financial constraints, the County is unable to determine when funds will be available to report on a GAAP basis.	Unknown	Clyde Holdren, County Auditor
2009-006	The County has converted the Bond Anticipation Notes to Bonds in 2009 so this will no longer be an issue after the 2009 audit.	January 1, 2010	Clyde Holdren, County Auditor
2009-007	Would have to hire a purchase order clerk; however, budget constraints have prohibited this.	Unknown	Clyde Holdren, County Auditor
2009-008	The County will have reconciliations completed timely.	March 31, 2011	B. Lee Hubbard, County Treasurer
2009-009	The County will work with CDC of Ohio to ensure compliance with the 15-day rule.	January 1, 2010	Jackson County Commissioners
2009-010	The County will ensure timely financial statements are prepared so the single audit deadline will be met.	September 30, 2011	Clyde Holdren, County Auditor



# Dave Yost • Auditor of State

## JACKSON COUNTY FINANCIAL CONDITION

### JACKSON COUNTY

#### CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
MARCH 8, 2011