



VINTON COUNTY, OHIO

SINGLE AUDIT

For the Year Ended December 31, 2010

J.L. UHRIG
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS





Dave Yost • Auditor of State

Board of Commissioners
Vinton County
100 East Main Street
McArthur, Ohio 45651

We have reviewed the *Independent Auditor's Report* of Vinton County prepared by J.L. Uhrig and Associates, Inc., for the audit period January 1, 2010 through December 31, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

October 17, 2011

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Independent Auditor's Report

County Commissioners
Vinton County, Ohio
100 East Main Street
McArthur, Ohio 45651

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

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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of December 31, 2010, and the respective changes in cash basis financial position and the respective budgetary comparison for the General Fund, Board of Developmental Disabilities Fund, Motor Vehicle Gasoline Tax Fund, and Job and Family Services Fund thereof for the year then ended in conformity with the accounting basis Note 2 describes.

Vinton County, Ohio
Independent Auditor's Report

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2011 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis on pages 3 through 9 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the County's basic financial statements. The schedule of federal awards expenditures is required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The schedule of federal awards expenditures has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.

September 30, 2011

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

As management of Vinton County (the County), we offer readers this narrative overview and analysis of the financial activities of the County as a whole for the year ended December 31, 2010. We encourage readers to consider the information presented here in conjunction with the basic financial statements and the notes to the basic financial statements to enhance their understanding of the County's financial performance.

Financial Highlights

Key financial highlights for 2010 are as follows:

- Net assets of governmental activities increased \$103,743.
- General cash receipts accounted for \$4,594,917 in receipts or 27 percent of all cash receipts. Program specific cash receipts in the form of charges for services, grants and contributions accounted for \$12,316,756 or 73 percent of total cash receipts of \$16,911,673.
- The County had \$16,807,930 in cash disbursements related to governmental activities; \$12,316,756 of these cash disbursements were offset by program specific charges for services, grants and contributions. General cash receipts (primarily grants, entitlements, and property taxes) of \$4,594,917 were adequate to provide for these programs.

Using the Basic Financial Statements

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

Report Components

The *Statement of Net Assets-Cash Basis* and *Statement of Activities-Cash Basis* provide information about the activities of the whole County, presenting an aggregate view of the County's cash basis finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed and what remains for future spending on a cash basis. The fund financial statements also look at the County's most significant funds with all other non-major funds presented in total in one column. In the case of Vinton County, the General Fund, Board of Developmental Disabilities Fund, Motor Vehicle Gasoline Tax Fund, and the Job and Family Services Fund are the most significant funds and have been presented as major funds.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the County as a way to segregate money whose use is restricted to a particular specific purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the basic financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the basic financial statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The County has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America. Under the County's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

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

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the County as a Whole

Statement of Net Assets and Statement of Activities

The statement of net assets-cash basis and the statement of activities-cash basis reflect how the County did financially during 2010, within the limitations of the cash basis of accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the County at year end. The statement of activities-cash basis compares cash disbursements with program cash receipts for each governmental program. Program cash receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General cash receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the County's general receipts.

These statements report the County's cash position and the changes in cash position. Keeping in mind the limitations of cash basis accounting, you can think of these changes as one way to measure the County's financial health. Over time, increases or decreases in the County's cash position is one indicator of whether the County's financial health is improving or deteriorating. When evaluating the County's financial condition, you should also consider other non-financial factors as well as such as the County's property tax base, the condition of the County's capital assets and infrastructure, the extent of the County's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the statement of net assets-cash basis and the statement of activities-cash basis, the County has one type of activity; governmental.

Reporting the County's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the County's major funds – not the County as a whole. The County uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the County's most significant funds. The County's major governmental funds are the General Fund, the Board of Developmental Disabilities Fund, the Job and Family Services Fund and the Motor Vehicle Gasoline Tax Fund.

Governmental Funds: Most of the County's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end available for spending in future periods. These funds are reported using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The governmental fund statements provide a detailed short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer cash basis financial resources that can be spent in the near future to finance various County programs. Since the County is reporting on the cash basis of accounting, there are no differences in the net assets and fund cash balances or changes in net assets and changes in fund cash balances. Therefore, no reconciliation is necessary between such financial statements. However, differences will be apparent when comparing gross cash receipts and cash disbursements on the fund financial statements to the statement of activities due to transfers and advances netted on the statement of activities. See Note 2 to the basic financial statements.

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

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

Agency funds are custodial in nature and do not involve measurement of results of operations. In accordance with GASB 34, fiduciary funds are not included in the government-wide financial statements. 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 as a Whole

Recall that the Statement of Net Assets provides the perspective of the County as a whole. Table 1 provides a summary of the County's net assets for 2010 as compared to 2009:

Table 1
 Net Assets – Cash Basis
 Governmental Activities

| | 2010 | 2009 |
|--|-------------|-------------|
| <i>Assets</i> | | |
| Equity in Pooled Cash and Cash Equivalents | \$3,711,403 | \$3,607,660 |
| <i>Total Assets</i> | 3,711,403 | 3,607,660 |
| <i>Net Assets</i> | | |
| Restricted | 3,415,132 | 3,449,204 |
| Unrestricted | 296,271 | 158,456 |
| <i>Total Net Assets</i> | \$3,711,403 | \$3,607,660 |

The increase in Equity in Pooled Cash and Cash Equivalents is primarily due to the reasons described on page 7.

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

Table 2 shows the highlights of the County's cash receipts and cash disbursements. These two main components are subtracted to yield the change in net assets.

Cash receipts are further divided into two major components: program cash receipts and general cash receipts. Program cash receipts are defined as charges for services, capital and operating grants, and contributions. General cash receipts include property and sales taxes, unrestricted grants, interest, issuance of OWDA loans and notes, payments in lieu of taxes, and miscellaneous receipts.

Table 2
Change in Net Assets – Cash Basis
Governmental Activities

| | 2010 | 2009 |
|---------------------------------------|-------------|---------------|
| <i>Cash Receipts</i> | | |
| <i>Program Cash Receipts:</i> | | |
| Charges for Services | \$2,137,252 | \$2,389,827 |
| Operating Grants and Contributions | 9,691,301 | 10,722,930 |
| Capital Grants and Contributions | 488,203 | 524,770 |
| <i>Total Program Cash Receipts</i> | 12,316,756 | 13,637,527 |
| <i>General Cash Receipts:</i> | | |
| Property Taxes | 1,913,099 | 1,530,576 |
| Sales Taxes | 905,503 | 763,314 |
| Unrestricted Grants and Entitlements | 417,211 | 558,983 |
| Interest | 38,608 | 70,239 |
| Issuance of OWDA Loans and Notes | 13,462 | 179,312 |
| Payments in Lieu of Taxes | 297,854 | 3,681 |
| Miscellaneous | 1,009,180 | 1,215,016 |
| <i>Total General Cash Receipts</i> | 4,594,917 | 4,321,121 |
| <i>Total Cash Receipts</i> | 16,911,673 | 17,924,899 |
| <i>Cash Disbursements</i> | | |
| <i>Program Cash Disbursements:</i> | | |
| <i>General Government:</i> | | |
| Legislative and Executive | 1,983,565 | 2,037,040 |
| Judicial | 585,291 | 709,488 |
| Public Safety | 1,204,908 | 1,151,481 |
| Public Works | 3,011,566 | 2,475,237 |
| Health | 1,783,098 | 1,625,195 |
| Human Services | 4,777,107 | 5,222,757 |
| Conservation and Recreation | 20,258 | 11,922 |
| Community and Economic Development | 2,188,479 | 1,858,279 |
| Other | 112,427 | 1,651 |
| Capital Outlay | 920,441 | 1,496,590 |
| <i>Debt Service:</i> | | |
| Principal Retirement | 114,193 | 177,268 |
| Interest and Fiscal Charges | 106,597 | 110,983 |
| <i>Total Cash Disbursements</i> | 16,807,930 | 16,904,891 |
| <i>Change in Net Assets</i> | 103,743 | 1,053,757 |
| <i>Net Assets – Beginning of Year</i> | 3,607,660 | 2,553,903 |
| <i>Net Assets – End of Year</i> | \$3,711,403 | \$3,607,660 |

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

Net assets increased \$103,743 in governmental activities in 2010 as a result of a large decrease in receipts which was only partially offset by a decrease in receipts. Program cash receipts were composed of charges for services and operating and capital grants and contributions which were \$12,316,756. Property taxes increased approximately \$382,523 due mainly to collection of delinquencies. Sales tax receipts increased \$142,189 due to an increase in sales as a result of the local economy. Disbursements for human services decreased as a direct result of decreases in funding for the Job and Family Services program. Capital Outlay disbursements decreased due to reductions in Ohio Public Works Commission road widening and bridge replacement projects. Community Development disbursements increased due to an increase in intergovernmental receipts. Public Works increased due to increased expenditures within the Motor Vehicle and Gas Tax program.

Governmental Activities

Operating grants and contributions made up 57 percent of cash receipts for governmental activities of the County for 2010. Property tax receipts made up 11 percent of the total cash receipts for governmental activities for a total of 68 percent of all cash receipts coming from property taxes and operating grants and contributions.

Human services comprise 28 percent of governmental program cash disbursements.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. In Table 3, the total cost of service column contains all costs related to the programs and the net cost column shows how much of the total amount is not covered by program cash receipts. Net costs are costs that must be covered by unrestricted State aid or local taxes. The difference in these two columns would represent charges for services and restricted grants, fees, and donations.

Table 3
 Total Cost of Program Services – Cash Basis
 Governmental Activities

| | 2010 | | 2009 | |
|------------------------------------|--------------------------|------------------------|--------------------------|------------------------|
| | Total Cost of Service | Net Cost of Service | Total Cost of Service | Net Cost of Service |
| General Government: | | | | |
| Legislative and Executive | \$1,983,565 | \$1,236,875 | \$2,037,040 | \$1,163,556 |
| Judicial | 585,291 | 123,415 | 709,488 | 320,575 |
| Public Safety | 1,204,908 | 583,618 | 1,151,481 | 535,630 |
| Public Works | 3,011,566 | 523,545 | 2,475,237 | 163,290 |
| Health | 1,783,098 | 322,774 | 1,625,195 | 126,484 |
| Human Services | 4,777,107 | 915,574 | 5,222,757 | 332,698 |
| Conservation and Recreation | 20,258 | 3,522 | 11,922 | 633 |
| Community and Economic Development | 2,188,479 | 380,455 | 1,855,279 | 100,030 |
| Other | 112,427 | 89,377 | 1,651 | 1,287 |
| Capital Outlay | 920,441 | 91,229 | 1,496,590 | 234,930 |
| Debt Service: | | | | |
| Principal Retirement | 114,193 | 114,193 | 177,268 | 177,268 |
| Interest and Fiscal Charges | 106,597 | 106,597 | 110,983 | 110,983 |
| Total Cash Disbursements | \$16,807,930 | \$4,491,174 | \$16,904,891 | \$3,267,364 |

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

The County's Funds

The County's major funds are accounted for using the cash basis of accounting. All governmental funds had total cash receipts and other financing sources of \$17,468,068 and cash disbursements and other financing uses of \$17,364,325. The net change in fund balance for the year was most significant in the Department of DD Fund, which went from \$229,177 in 2009 to \$393,624 for 2010. Cash receipts exceeded cash disbursements in the amount of \$164,447, which resulted from a significant increase in intergovernmental receipts in 2010 as compared to 2009.

General Fund cash receipts exceeded cash disbursements by \$137,815. Job and Family Services Fund cash disbursements exceeded cash receipts by \$100,726. Motor Vehicle and Gas Tax Fund cash disbursements and transfers out exceeded cash receipts by \$7,933.

General Fund Budgeting Highlights

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

For the General Fund, final budgeted revenue increased \$34,518 from original budgeted revenue, while actual receipts increased \$198,133 from final budgeted revenue. The increases are due primarily to higher than expected taxes. Actual disbursements were under final appropriations by \$11,326. Final appropriations were above original appropriations by \$106,163 due primarily to higher than expected disbursements for transfers out.

The County's ending unobligated General Fund cash balance was \$296,271, which was over the final budgeted amount by \$209,459.

Capital Assets and Debt Administration

Capital Assets

The County does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements. The County had capital outlay disbursements of \$920,441 during 2010.

Debt

Under the cash basis of accounting the County does not report bonds in the accompanying cash basis financial statements. However, in order to provide information to the readers of this report, we are providing the following detailed information the County's long-term obligations. At December 31, 2010, the County had \$2,027,472 in bonds and loans for governmental activities with \$93,136 due within one year. Table 4 summarizes bonds outstanding:

Table 4
 Outstanding Debt as of December 31
 Governmental Activities

| | 2010 | 2009 |
|---|-------------|-------------|
| County Health Department | \$0 | \$12,010 |
| County Courthouse Elevator | 144,537 | 154,910 |
| Juvenile Training District | 112,462 | 120,265 |
| County Job and Family Services Building | 1,606,546 | 1,664,819 |
| OWDA Loan | 12,425 | 14,200 |
| Auditor/Treasurer Computer Equipment | 82,502 | 90,999 |
| Community and Economic Development Building | 69,000 | 71,000 |
| Totals | \$2,027,472 | \$2,128,203 |

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

All bonds outstanding are general obligations of the County for which the full faith and credit of the County is pledged for repayment. For additional information regarding long-term debt, please see Note 10 to the basic financial statements.

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

The Code further provides that the total voted and unvoted net debt of the County less the same exempt debt, shall never exceed a sum equal to three percent of the first \$100,000,000, of the assessed valuation, plus one and one-half percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus two and one-half percent of such valuation in excess of \$300,000,000.

At December 31, 2010, the County's overall legal debt margin was \$2,306,242 with an unvoted debt margin of \$1,889,143. The debt is well within permissible limits.

Contacting the County's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Cindy Owings, County Auditor at Vinton County, 100 Main Street, McArthur, Ohio 45651, or telephone at (740)596-4571 (Extension 231).

Vinton County
Statement of Net Assets - Cash Basis
December 31, 2010

| | <u>Primary Government</u> | |
|--|--------------------------------|-----------------------|
| | <u>Governmental Activities</u> | <u>Component Unit</u> |
| ASSETS: | | |
| Equity in Pooled Cash and Cash Equivalents | \$3,711,403 | \$957 |
| <i>Total Assets</i> | <u>3,711,403</u> | <u>957</u> |
| NET ASSETS: | | |
| Restricted for: | | |
| Debt Service | 669 | 0 |
| Capital Projects | 5,860 | 0 |
| Job and Family Services | 36,089 | 0 |
| Motor Vehicle Gasoline Tax | 1,369,826 | 0 |
| Department of Developmental Disabilities | 393,624 | 0 |
| Other Purposes | 937,230 | 0 |
| County Court Research & Comp. | 107,523 | 0 |
| Residential | 136,982 | 0 |
| ARC Ponetown | 118,181 | 0 |
| Real Estate Assessment | 309,148 | 0 |
| Unrestricted | <u>296,271</u> | <u>957</u> |
| <i>Total Net Assets</i> | <u><u>\$3,711,403</u></u> | <u><u>\$957</u></u> |

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

Vinton County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2010

| | Program Cash Receipts | | | | Net Disbursements and Changes in Net Assets | |
|---|-----------------------|-------------------------|--|--|--|-------------------|
| | Cash Disbursements | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | |
| | | | | | Total | Component Unit |
| Governmental Activities: | | | | | | |
| General Government: | | | | | | |
| Legislative and Executive | \$1,983,565 | \$487,317 | \$259,373 | \$0 | (\$1,236,875) | |
| Judicial | 585,291 | 82,022 | 379,854 | 0 | (123,415) | |
| Public Safety | 1,204,908 | 178,958 | 442,332 | 0 | (583,618) | |
| Public Works | 3,011,566 | 334,988 | 2,153,033 | 0 | (523,545) | |
| Health | 1,783,098 | 199,877 | 1,260,447 | 0 | (322,774) | |
| Human Services | 4,777,107 | 541,596 | 3,319,937 | 0 | (915,574) | |
| Conservation and Recreation | 20,258 | 2,253 | 14,483 | 0 | (3,522) | |
| Community and Economic Development | 2,188,479 | 243,433 | 1,564,591 | 0 | (380,455) | |
| Other | 112,427 | 20,894 | 2,156 | 0 | (89,377) | |
| Capital Outlay | 920,441 | 45,914 | 295,095 | 488,203 | (91,229) | |
| Debt Service: | | | | | | |
| Principal Retirement | 114,193 | 0 | 0 | 0 | (114,193) | |
| Interest and Fiscal Charges | 106,597 | 0 | 0 | 0 | (106,597) | |
| <i>Total Governmental Activities</i> | <u>16,807,930</u> | <u>2,137,252</u> | <u>9,691,301</u> | <u>488,203</u> | <u>(4,491,174)</u> | |
| Component Unit: | | | | | | |
| Vinton Industries, Inc. | 42,861 | 41,916 | 200 | 0 | | (\$745) |
| <i>Total Component Unit</i> | <u>\$42,861</u> | <u>\$41,916</u> | <u>\$200</u> | <u>\$0</u> | | <u>(745)</u> |
| General Cash Receipts | | | | | | |
| Property Taxes Levied for: | | | | | | |
| General Purposes | | | | | 767,477 | 0 |
| MRDD | | | | | 296,082 | 0 |
| Special Purposes | | | | | 849,540 | 0 |
| Sales Taxes Levied for General Purposes | | | | | 905,503 | 0 |
| Grants and Entitlements Not | | | | | | |
| Restricted to Specific Programs | | | | | 417,211 | 0 |
| Issuance of OWDA Loans | | | | | 13,462 | 0 |
| Payments in Lieu of Taxes | | | | | 297,854 | 0 |
| Miscellaneous | | | | | 1,009,180 | 0 |
| Interest | | | | | 38,608 | 0 |
| <i>Total General Cash Receipts</i> | | | | | <u>4,594,917</u> | <u>0</u> |
| <i>Change in Net Assets</i> | | | | | 103,743 | (745) |
| <i>Net Assets Beginning of Year</i> | | | | | <u>3,607,660</u> | <u>1,702</u> |
| <i>Net Assets End of Year</i> | | | | | <u>\$3,711,403</u> | <u>\$957</u> |

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

Vinton County
*Statement of Cash Basis Assets and Fund Balances and
Cash Receipts, Cash Disbursements and Changes in Cash Basis Fund Balances - Governmental Funds - Cash Basis
As of and For the Year Ended December 31, 2010*

| | General | Board of Developmental Disabilities | Motor Vehicle Gasoline Tax | Job and Family Services | All Other Governmental Funds | Total Governmental Funds |
|--|------------------|---|-------------------------------|----------------------------|------------------------------------|--------------------------------|
| CASH RECEIPTS: | | | | | | |
| Taxes | \$1,672,980 | \$296,082 | \$0 | \$0 | \$849,540 | \$2,818,602 |
| Charges for Services | 410,768 | - | 312,056 | - | 1,278,782 | 2,001,606 |
| Licenses and Permits | 2,463 | - | - | - | - | 2,463 |
| Fines and Forfeitures | 100,514 | - | 17,093 | - | 15,577 | 133,184 |
| Intergovernmental | 400,560 | 588,553 | 3,100,182 | 3,218,968 | 3,288,451 | 10,596,714 |
| Interest | 34,584 | - | 3,678 | - | 346 | 38,608 |
| Payments in Lieu of Taxes | 297,854 | - | - | - | - | 297,854 |
| Other | 105,283 | 17,488 | 66,171 | 134,180 | 686,058 | 1,009,180 |
| <i>Total Cash Receipts</i> | <u>3,025,006</u> | <u>902,123</u> | <u>3,499,180</u> | <u>3,353,148</u> | <u>6,118,754</u> | <u>16,898,211</u> |
| CASH DISBURSEMENTS: | | | | | | |
| General Government: | | | | | | |
| Legislative and Executive | 1,665,448 | - | - | - | 318,117 | 1,983,565 |
| Judicial | 226,793 | - | - | - | 358,498 | 585,291 |
| Public Safety | 602,354 | - | - | - | 602,554 | 1,204,908 |
| Public Works | - | - | 3,004,888 | - | 6,678 | 3,011,566 |
| Health | 20,594 | 737,676 | - | - | 1,024,828 | 1,783,098 |
| Human Services | 137,005 | - | - | 3,514,620 | 1,125,482 | 4,777,107 |
| Conservation and Recreation | - | - | - | - | 20,258 | 20,258 |
| Community and Economic Development | - | - | - | - | 2,188,479 | 2,188,479 |
| Other | 112,427 | - | - | - | - | 112,427 |
| Capital Outlay | - | - | 387,355 | - | 533,086 | 920,441 |
| Debt Service: | | | | | | |
| Principal Retirement | - | - | - | - | 114,193 | 114,193 |
| Interest and Fiscal Charges | - | - | - | - | 106,597 | 106,597 |
| <i>Total Cash Disbursements</i> | <u>2,764,621</u> | <u>737,676</u> | <u>3,392,243</u> | <u>3,514,620</u> | <u>6,398,770</u> | <u>16,807,930</u> |
| <i>Excess of Cash Receipts Over (Under) Cash Disbursements</i> | <u>260,385</u> | <u>164,447</u> | <u>106,937</u> | <u>(161,472)</u> | <u>(280,016)</u> | <u>90,281</u> |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Transfers In | 20,676 | - | - | 60,746 | 292,562 | 373,984 |
| Advances In | 2,000 | - | - | - | 180,411 | 182,411 |
| Issuance of OWDA Loans | - | - | - | - | 13,462 | 13,462 |
| Transfers Out | (136,604) | - | (114,870) | - | (122,510) | (373,984) |
| Advances Out | (8,642) | - | - | - | (173,769) | (182,411) |
| <i>Total Other Financing Sources (Uses)</i> | <u>(122,570)</u> | <u>-</u> | <u>(114,870)</u> | <u>60,746</u> | <u>190,156</u> | <u>13,462</u> |
| <i>Net Change in Fund Cash Balances</i> | 137,815 | 164,447 | (7,933) | (100,726) | (89,860) | 103,743 |
| <i>Cash Basis Fund Balances at Beginning of Year</i> | <u>158,456</u> | <u>229,177</u> | <u>1,377,759</u> | <u>136,815</u> | <u>1,705,453</u> | <u>3,607,660</u> |
| <i>Cash Basis Fund Balances at End of Year</i> | <u>\$296,271</u> | <u>\$393,624</u> | <u>\$1,369,826</u> | <u>\$36,089</u> | <u>\$1,615,593</u> | <u>\$3,711,403</u> |
| CASH BASIS ASSETS AT END OF YEAR: | | | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$296,271 | \$393,624 | \$1,369,826 | \$36,089 | \$1,615,593 | \$3,711,403 |
| <i>Total Assets</i> | <u>\$296,271</u> | <u>\$393,624</u> | <u>\$1,369,826</u> | <u>\$36,089</u> | <u>\$1,615,593</u> | <u>\$3,711,403</u> |
| CASH FUND BALANCES AT YEAR END: | | | | | | |
| Reserved for Encumbrances | - | - | - | - | - | - |
| Unreserved, Undesignated Report In: | | | | | | |
| General Fund | 296,271 | - | - | - | - | 296,271 |
| Special Revenue Funds | - | 393,624 | 1,369,826 | 36,089 | 1,609,064 | 3,408,603 |
| Debt Service Funds | - | - | - | - | 669 | 669 |
| Capital Projects Funds | - | - | - | - | 5,860 | 5,860 |
| <i>Total Cash Basis Fund Balances</i> | <u>\$296,271</u> | <u>\$393,624</u> | <u>\$1,369,826</u> | <u>\$36,089</u> | <u>\$1,615,593</u> | <u>\$3,711,403</u> |

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

Vinton County
Statement of Receipts, Disbursements, And Changes
in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Year Ended December 31, 2010

| | Budgeted Amounts | | Actual | Variance With Final Budget Positive (Negative) |
|--|------------------|------------------|------------------|---|
| | Original | Final | | |
| RECEIPTS: | | | | |
| Taxes | \$1,556,853 | \$1,575,943 | \$1,672,980 | \$97,037 |
| Charges for Services | 382,255 | 386,943 | 410,768 | 23,825 |
| Licenses and Permits | 2,292 | 2,320 | 2,463 | 143 |
| Fines and Forfeitures | 93,537 | 94,684 | 100,514 | 5,830 |
| Intergovernmental | 372,756 | 377,327 | 400,560 | 23,233 |
| Interest | 32,183 | 32,578 | 34,584 | 2,006 |
| Payments in Lieu of Taxes | 277,179 | 280,578 | 297,854 | 17,276 |
| Other | 97,975 | 99,176 | 105,283 | 6,107 |
| <i>Total Receipts</i> | <u>2,815,030</u> | <u>2,849,549</u> | <u>3,025,006</u> | <u>175,457</u> |
| DISBURSEMENTS: | | | | |
| Current: | | | | |
| General Government: | | | | |
| Legislative and Executive | 1,695,815 | 1,669,796 | 1,665,448 | 4,348 |
| Judicial | 230,928 | 231,302 | 226,793 | 4,509 |
| Public Safety | 613,337 | 603,862 | 602,354 | 1,508 |
| Health | 20,970 | 20,594 | 20,594 | 0 |
| Human Services | 139,503 | 138,102 | 137,005 | 1,097 |
| Other | 114,477 | 114,860 | 112,427 | 2,433 |
| <i>Total Disbursements</i> | <u>2,815,030</u> | <u>2,778,516</u> | <u>2,764,621</u> | <u>13,895</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>0</u> | <u>71,033</u> | <u>260,385</u> | <u>189,352</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers In | 0 | 0 | 20,676 | 20,676 |
| Advances In | 0 | 0 | 2,000 | 2,000 |
| Transfers Out | 0 | (142,677) | (136,604) | 6,073 |
| Advances Out | 0 | 0 | (8,642) | (8,642) |
| <i>Total Other Financing Sources (Uses)</i> | <u>0</u> | <u>(142,677)</u> | <u>(122,570)</u> | <u>20,107</u> |
| <i>Net Change in Fund Balance</i> | 0 | (71,644) | 137,815 | 209,459 |
| <i>Fund Balance at Beginning of Year</i> | <u>158,456</u> | <u>158,456</u> | <u>158,456</u> | <u>0</u> |
| <i>Fund Balance at End of Year</i> | <u>\$158,456</u> | <u>\$86,812</u> | <u>\$296,271</u> | <u>\$209,459</u> |

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

Vinton County
Statement of Receipts, Disbursements, And Changes
in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Board of Developmental Disabilities Fund
For the Year Ended December 31, 2010

| | Budgeted Amounts | | Actual | Variance With Final Budget Positive (Negative) |
|--|-------------------------|------------------------|-------------------------|---|
| | Original | Final | | |
| RECEIPTS: | | | | |
| Taxes | \$179,374 | \$186,923 | \$296,082 | \$109,159 |
| Intergovernmental | 356,561 | 371,566 | 588,553 | 216,987 |
| Other | 10,595 | 11,041 | 17,488 | 6,447 |
| <i>Total Receipts</i> | <u>546,530</u> | <u>569,530</u> | <u>902,123</u> | <u>332,593</u> |
| DISBURSEMENTS: | | | | |
| Current: | | | | |
| Health | <u>546,530</u> | <u>774,345</u> | <u>737,676</u> | <u>36,669</u> |
| <i>Total Disbursements</i> | <u>546,530</u> | <u>774,345</u> | <u>737,676</u> | <u>36,669</u> |
| <i>Net Change in Fund Balance</i> | 0 | (204,815) | 164,447 | 369,262 |
| <i>Fund Balance at Beginning of Year</i> | <u>229,177</u> | <u>229,177</u> | <u>229,177</u> | <u>0</u> |
| <i>Fund Balance at End of Year</i> | <u><u>\$229,177</u></u> | <u><u>\$24,362</u></u> | <u><u>\$393,624</u></u> | <u><u>\$369,262</u></u> |

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

Vinton County
Statement of Receipts, Disbursements, And Changes
in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Motor Vehicle Gasoline Tax Fund
For the Year Ended December 31, 2010

| | Budgeted Amounts | | Actual | Variance With Final Budget Positive (Negative) |
|--|--------------------|--------------------|--------------------|---|
| | Original | Final | | |
| RECEIPTS: | | | | |
| Charges for Services | \$171,439 | \$216,124 | \$312,056 | \$95,932 |
| Fines and Forfeitures | 9,391 | 11,838 | 17,093 | 5,255 |
| Intergovernmental | 1,703,190 | 2,147,130 | 3,100,182 | 953,052 |
| Interest | 2,021 | 2,547 | 3,678 | 1,131 |
| Other | 36,353 | 45,829 | 66,171 | 20,342 |
| <i>Total Receipts</i> | <u>1,922,394</u> | <u>2,423,468</u> | <u>3,499,180</u> | <u>1,075,712</u> |
| DISBURSEMENTS: | | | | |
| Current: | | | | |
| Public Works | 2,850,000 | 3,231,982 | 3,004,888 | 227,094 |
| Capital Outlay | 450,000 | 450,000 | 387,355 | 62,645 |
| <i>Total Disbursements</i> | <u>3,300,000</u> | <u>3,681,982</u> | <u>3,392,243</u> | <u>289,739</u> |
| <i>Excess of Cash Receipts Over (Under) Cash Disbursements</i> | <u>(1,377,606)</u> | <u>(1,258,514)</u> | <u>106,937</u> | <u>1,365,451</u> |
| OTHER FINANCING USES: | | | | |
| Transfers Out | 0 | (119,194) | (114,870) | 4,324 |
| <i>Total Other Financing Uses</i> | <u>0</u> | <u>(119,194)</u> | <u>(114,870)</u> | <u>4,324</u> |
| <i>Net Change in Fund Balance</i> | (1,377,606) | (1,377,708) | (7,933) | 1,369,775 |
| <i>Fund Balance at Beginning of Year</i> | <u>1,377,759</u> | <u>1,377,759</u> | <u>1,377,759</u> | <u>0</u> |
| <i>Fund Balance at End of Year</i> | <u>\$153</u> | <u>\$51</u> | <u>\$1,369,826</u> | <u>\$1,369,775</u> |

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

Vinton County
Statement of Receipts, Disbursements, And Changes
in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Job and Family Services Fund
For the Year Ended December 31, 2010

| | Budgeted Amounts | | Actual | Variance With Final Budget Positive (Negative) |
|--|-------------------------|---------------------|------------------------|---|
| | Original | Final | | |
| RECEIPTS: | | | | |
| Intergovernmental | \$4,135,854 | \$3,206,148 | \$3,218,968 | \$12,820 |
| Other | 172,400 | 136,178 | 134,180 | (1,998) |
| <i>Total Receipts</i> | <u>4,308,254</u> | <u>3,342,326</u> | <u>3,353,148</u> | <u>10,822</u> |
| DISBURSEMENTS: | | | | |
| Current: | | | | |
| Human Services | 4,308,254 | 3,539,218 | 3,514,620 | 24,598 |
| <i>Total Disbursements</i> | <u>4,308,254</u> | <u>3,539,218</u> | <u>3,514,620</u> | <u>24,598</u> |
| <i>Excess of Cash Receipts Over (Under) Cash Disbursements</i> | <u>0</u> | <u>(196,892)</u> | <u>(161,472)</u> | <u>35,420</u> |
| OTHER FINANCING SOURCES: | | | | |
| Transfers In | 0 | 60,746 | 60,746 | 0 |
| <i>Total Other Financing Sources</i> | <u>0</u> | <u>60,746</u> | <u>60,746</u> | <u>0</u> |
| <i>Net Change in Fund Balance</i> | 0 | (136,146) | (100,726) | 35,420 |
| <i>Fund Balance at Beginning of Year</i> | <u>136,815</u> | <u>136,815</u> | <u>136,815</u> | <u>0</u> |
| <i>Fund Balance at End of Year</i> | <u><u>\$136,815</u></u> | <u><u>\$669</u></u> | <u><u>\$36,089</u></u> | <u><u>\$35,420</u></u> |

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

Vinton County
Statement of Fiduciary Net Assets
Fiduciary Funds - Cash Basis
As of December 31, 2010

| | Private Purpose Trust Fund | Agency Funds |
|--|----------------------------------|--------------------|
| <hr/> | | |
| ASSETS: | | |
| Equity in Pooled Cash and Cash Equivalents | \$15,298 | \$2,148,658 |
| Cash and Cash Equivalents in Segregated Accounts | 0 | 207,213 |
| | <hr/> | |
| <i>Total Assets</i> | <i>\$15,298</i> | <i>\$2,355,871</i> |
| | <hr/> <hr/> | |
| NET ASSETS: | | |
| Unrestricted | \$0 | \$2,355,871 |
| Held in Trust for Private Purposes | 15,298 | 0 |
| | <hr/> | |
| <i>Total Net Assets</i> | <i>\$15,298</i> | <i>\$2,355,871</i> |
| | <hr/> <hr/> | |

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

Vinton County
Statement of Changes in Fiduciary Net Assets
Private Purpose Trust Fund - Cash Basis
For the Year Ended December 31, 2010

| | <u>Sheppard-Dunkle Scholarship Trust</u> |
|-------------------------------------|--|
| ADDITIONS: | |
| Interest | <u>\$231</u> |
| <i>Total Additions</i> | 231 |
| DEDUCTIONS: | |
| Scholarship's Awarded | <u>700</u> |
| <i>Decrease in Net Assets</i> | (469) |
| <i>Net Assets Beginning of Year</i> | <u>15,767</u> |
| <i>Net Assets End of Year</i> | <u><u>\$15,298</u></u> |

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

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

NOTE 1 – DESCRIPTION OF THE COUNTY AND REPORTING ENTITY

Vinton County, Ohio (the County), is governed by a board of three Commissioners elected by the voters of the County. Other officials elected by the voters of the County that manage various segments of the County's operations are the County Auditor, County Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, County Court Judge, Probate-Juvenile Court Judge, and Common Pleas Court Judge. Although the elected officials manage the internal operations of their respective departments, the County Commissioners authorize expenditures as well as serve as the budget and taxing authority, contracting body and the chief administrators of public services for the entire County.

Reporting Entity:

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

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

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

Discretely Presented Component Unit: The component unit column on the government-wide financial statements identifies the financial data of the County's component unit, Vinton Industries, Inc. This entity is reported separately to emphasize that it is legally separate from the County.

Vinton Industries, Inc. (the Corporation) is a legally separate, not-for-profit corporation, served by a self-appointing Board of Trustees. The Corporation, under contractual agreement with the Vinton County Board of Mental Retardation and Developmental Disabilities, provides sheltered employment for mentally retarded or handicapped adults in Vinton County. The Vinton County Board of Mental Retardation and Developmental Disabilities provides the Corporation with some funds to operate with. The Corporation also raises revenue through the services its clients provide for other entities and goods it sells.

Additional information related to Vinton Industries, Inc. is presented in Note 13 to the basic financial statements. Complete financial statements of the individual component unit can be obtained from the administrative office of Vinton Industries, Inc., Post Office Box 477, McArthur, Ohio 45651.

The County has elected to include the above component unit in the accompanying basic financial statements. See also Note 2 to the basic financial statements entitled *Government-wide Financial Statements*.

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 entities listed below, the County serves as fiscal agent, but is not financially accountable for their operations. Accordingly, the activity of the following entities and agencies are presented as agency funds within the County's basic financial statements:

- Soil and Water Conservation District
- Vinton County Health District

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

NOTE 1 – DESCRIPTION OF THE COUNTY AND REPORTING ENTITY (Continued)

The County is involved with the following organizations that are defined as jointly governed organizations. Additional financial information concerning the jointly governed organizations is presented in Note 12.

- Gallia, Jackson, Meigs, and Vinton Joint Solid Waste Management District
- South Central Regional Juvenile Detention Center
- Buckeye Joint-County Self Insurance Council
- Ohio Government Risk Management Plan
- Alcohol, Drug Addiction and Mental Health Services Board of Athens, Hocking and Vinton Counties
- Vinton County Community Improvement Corporation
- Southern Ohio Council of Governments
- Corrections Commission of Southeastern Ohio

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The County uses the provisions of GASB 34 for financial reporting on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America, and GASB 38, for certain financial statement note disclosures. The County's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements that provide a more detailed level of financial information.

Government-wide Financial Statements

The statement of net assets-cash basis presents the cash basis financial condition of the governmental activities of the County at year-end. The statement of activities-cash basis presents a comparison between direct cash disbursements and program cash receipts for each program or function of the County's governmental activities. These statements include the financial activities of the primary government, except for fiduciary funds. Direct cash disbursements are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program cash receipts include charges paid by the recipient of the goods or services offered by the program, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Cash receipts which are not classified as program cash receipts are presented as general cash receipts of the County. The comparison of direct cash disbursements with program cash receipts identifies the extent to which each governmental function is self-financing or draws from the general cash 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 fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting

The County uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. For financial statement presentation purposes, the various funds of the County are grouped into the following generic fund types under the broad fund categories governmental and fiduciary.

Governmental Funds: Governmental funds are those through which most governmental function of the County are financed. The acquisition, use and balances of the County's expendable financial resources and the related current liabilities are accounted for through governmental funds. The following are the County's major governmental funds:

General Fund The General Fund is the primary operating fund. It accounts for all financial resources of the primary government not recorded elsewhere. The General Fund balance is available to the County for any purpose provided if it is expended or transferred according to the general laws of Ohio.

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

Motor Vehicle Gasoline Tax Fund This fund accounts for state gasoline tax and motor vehicle registration fees for maintenance and improvement of County roads.

Job and Family Services Fund This fund accounts for funding from various federal and state grants used to provide job training and public assistance to qualified clients, to pay their medical assistance providers and for certain public social services.

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

Fiduciary Funds: Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. The two types of fiduciary funds the County use are agency funds and private purpose trust funds.

Agency Funds are custodial in nature (assets equal net assets) and do not involve measurement of results of operations. The County's agency funds account for assets held by the County for political subdivisions in which the County acts as fiscal agent for taxes, state-levied shared revenues, fines and forfeitures collected and distributed to other political subdivisions and County department bank accounts held outside the County treasury.

Private Purpose Trust Funds These funds are used to account for assets held by the County under a trust agreement for individuals, private organizations, or other governments and are not available to support the County's own programs. The County received a bequeath in the amount of \$15,000 to remain intact with the interest earnings to be used to fund the Sheppard-Dunkle Fine Arts Scholarship.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation

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

Budgetary presentations report budgetary disbursements when a commitment is made (i.e., when an encumbrance is approved). These statements include adequate disclosure of material matters, in accordance with the basis of accounting described above.

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

Cash Receipts-Exchange and Non-exchange Transactions

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

Cash Disbursements

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

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 appropriation resolution, and the certificate of estimated resources, 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 amounts that the County may appropriate. The appropriation resolution is the County's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the County. The legal level of control has been established by the County at the object level within each function of each fund.

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Cash and Cash Equivalents

To improve cash management, all 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" on the financial statements. For 2010, interest receipts amounted to \$38,839, which \$34,584 was recorded in the General Fund, \$3,678 in the Motor Vehicle Gasoline Tax Major Special Revenue Fund, \$346 in all other governmental funds, and \$231 in the Private Purpose Trust Fund.

F. Capital Assets

Capital assets (fixed assets) acquired or constructed for the County are recorded as disbursements at the time of acquisition. However, under the cash basis of accounting, capital assets and the related depreciation are not reported separately on the basic financial statements.

G. Compensated Absences

Vacation and sick leave benefits are not accrued under the cash basis of accounting as previously described. All leave will either be absorbed by time off from work or, within certain limitations, paid to the employees.

H. Long-Term Obligations

In general, bonds are recorded as cash disbursements in the basic financial statements when paid and are not accrued as liabilities.

I. Interfund Transactions

Exchange transactions between funds are reported as cash receipts in the seller funds and as cash disbursements in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented on the financial statements. Interfund transfers between governmental activities are eliminated in the statement of activities. Flows of cash from one fund to another with a requirement for repayment are reported as advances in and out. Advances between governmental activities are eliminated in the statement of activities.

J. Net Assets

Net assets represent the cash basis assets held by the County at year end. Net assets consist of cash balances plus cash receipts reduced by cash disbursements for the current year. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted for other purposes is comprised of net assets restricted for grants. The County applies restricted resources when a cash disbursement is made for purposes for which both restricted and unrestricted net assets are available.

Of the County's \$3,415,132 in restricted net assets, none is restricted by enabling legislation.

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

NOTE 3 – DEPOSITS AND INVESTMENTS

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

State statute permits inactive monies to be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or other obligations of or securities issued by the United States treasury or any other obligation guaranteed as to the payment of principal and interest by the United States;
2. Bonds, notes, debentures, or other obligations of or securities issued by any federal government agency or instrumentality, including, but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, or the political subdivisions of Ohio, provided that such political subdivisions are located wholly or partly within the same county as the investing authority;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2), or cash, or both securities and cash, equal value for equal value;
9. High grade commercial paper in an amount not to exceed 5 percent of the County's total average portfolio;

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

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

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

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited.

The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the County, and must be purchased with the expectation that it will be held to maturity.

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

Deposits

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

As of December 31, 2010, the County's bank balance of \$6,534,279 is either covered by FDIC or collateralized by the financial institutions' public entity deposit pools in the manner as described above.

NOTE 4- BUDGETARY BASIS FUND BALANCES

At December 31, 2010, there were no differences between the budgetary basis fund balances and fund cash balances due to encumbrances.

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

NOTE 5 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the County. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revalued every six years. Real property taxes are payable annually or semiannually.

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

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

The assessed value for the taxes levied in 2010 was \$188,914,280 of which real property represented 83 percent (\$156,503,680) of the total, public utility property represented 17 percent (\$31,941,400) of the total, and tangible personal property represented less than 1 percent (\$469,200) of the total. The full tax rate for all County operations for taxes collected in 2010 was \$14.75 per \$1,000 of assessed valuation.

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

NOTE 6 - PERMISSIVE SALES AND USE TAX

The County Commissioners, by resolution and vote of the people, imposed a one percent tax on certain retail sales made in the County. 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 State Auditor the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month. The State Auditor then has five days in which to draw the warrant payable to the County.

Proceeds of the tax are credited entirely to the General Fund. Sales and use tax cash receipts for 2010 amounted to \$905,503.

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

NOTE 7 - 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 2010, the County contracted with Buckeye Joint-County Self Insurance Council (a public entity shared risk pool, see note 12) for liability, auto, and crime insurance. The program has a \$0 to \$5,000 deductible per occurrence:

| | <u>Aggregate</u> | <u>Ea. Occurrence</u> |
|----------------------------|------------------|-----------------------|
| General Liability | \$3,000,000 | \$1,000,000 |
| Public Officials Including | | |
| Law Enforcement | 3,000,000 | 1,000,000 |
| Public Officials | 3,000,000 | 1,000,000 |
| Employee Benefits | 3,000,000 | 1,000,000 |

In addition, the County maintains separate replacement cost insurance on buildings and contents in the amount of \$13,848,688.

Health insurance was provided by a private carrier, Medical Mutual for the year.

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

The County has not incurred significant reductions in insurance coverage from coverage in the prior year by major category of risk. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

NOTE 8 - RETIREMENT SYSTEM

Ohio Public Employees Retirement System (OPERS)

- A. The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans as described below:
- 1) The Traditional Pension Plan (TP) – a cost-sharing multiple-employer defined benefit pension plan.
 - 2) The Member-Directed Plan (MD) – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.
 - 3) The Combined Plan (CO) – a cost-sharing multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension 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.
- B. OPERS provides retirement, disability, and survivor and death benefits and annual cost-of-living adjustments to qualifying members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.
- C. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.
- D. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

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

NOTE 8 - RETIREMENT SYSTEM (Continued)

- E. The Ohio Revised Code provides statutory authority for member and employer contributions. For 2010, member and employer contribution rates were consistent across all three plans.

The member contribution rates were 10.0%, 10.0%, and 10.0% and for 2010, 2009, and 2008, respectively, for the County. Public safety and law enforcement members contributed at a rate of 10.5%, 10.1%, and 10.1%, respectively.

The employer contribution rates were 14.0%, 14.0%, and 14.0%, of covered payroll for 2010, 2009, and 2008, respectively, for the County. For both the law enforcement and public safety divisions, the employer contribution rates were 17.87%, 17.63%, and 17.4%, respectively.

The County's contributions to OPERS for the years ended December 31, 2010, 2009, and 2008 were \$1,073,210, \$1,047,696, and \$1,063,641, respectively, which were equal to the required contributions for those years.

NOTE 9 - POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System (OPERS)

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

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

In order to qualify for post-employment health care coverage, age and service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

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

OPERS issues a stand-alone financial report. Interest parties may obtain a copy by writing OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

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

Employer's contributions are expressed as a percentage of the covered payroll of active members. In 2010, the County contributed at 14.0% of covered payroll for local government employer units and 17.87% for public safety and law enforcement. The Ohio Revised Code currently limits the employer contribution rate not to exceed 14.0% of covered payroll for state and local employer units and 18.1% of covered payroll for law and public safety employer units. Active members do not make contributions to the OPEB Plan.

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

NOTE 9 - POSTEMPLOYMENT BENEFITS (Continued)

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. For 2010, the employer contributions allocated to the health care plan from January 1 through February 28, 2010 and March 1 through December 31, 2010 were 5.5% and 5.0%, respectively. For 2009, the employer contributions allocated to the health care plan from January 1 through March 31, 2009 and April 1 through December 31 2009 were 7.0% and 5.5%, respectfully. For 2008, the employer contributions allocated to the health care plan was 7.0% of covered payroll.

- C. The employer contributions that were used to fund post-employment benefits were \$532,579 for 2010, \$439,658 for 2009, and \$531,820 for 2008.
- D. The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

NOTE 10 - LONG-TERM DEBT

Under the cash basis of accounting, debt obligations are not reported as a liability in the accompanying basic financial statements. However, information regarding such changes in the County's long-term obligations during 2010 is as follows:

| Types/Issues | Outstanding At 12/31/09 | Increases | Decreases | Outstanding At 12/31/10 | Due in One Year |
|---|----------------------------|-----------------|--------------------|----------------------------|--------------------|
| 1994 - 7.0% County Health Department Building General Obligation Bonds | \$12,010 | \$0 | (\$12,010) | \$0 | \$0 |
| 2000 - 5.75 % County Courthouse Elevator Project General Obligation Bonds | 154,910 | 0 | (10,373) | 144,537 | 10,978 |
| 2001 - 5.50% Juvenile Training District General Obligation Bonds | 120,265 | 0 | (7,803) | 112,462 | 8,238 |
| 2002 - 5.1% County Job & Family Services Building General Obligation Bonds | 1,664,819 | 0 | (58,273) | 1,606,546 | 61,283 |
| 2002 - 0% OWDA Loan | 14,200 | 0 | (1,775) | 12,425 | 1,775 |
| 2007 - 4.125% Community & Economic Development Building General Obligation Bonds | 71,000 | 0 | (2,000) | 69,000 | 2,000 |
| 2009 - 4.25% Auditor/Treasurer Computer Equipment General Obligation Note | 90,999 | 0 | (8,497) | 82,502 | 8,862 |
| 2010 - 0% OWDA Loan | 0 | 13,462 | (13,462) | 0 | 0 |
| Total | \$2,128,203 | \$13,462 | (\$114,193) | \$2,027,472 | \$93,136 |

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

NOTE 10 - LONG-TERM DEBT (Continued)

The County issued General Obligation Bonds in 1994 for the Vinton County Health Building in the amount of \$210,000. These bonds were paid off during 2010.

The County issued General Obligation Bonds in 2000 in the amount of \$225,000 for building improvements which included the construction of an elevator in the County Courthouse.

The County issued General Obligation Bonds in 2001 in the amount of \$172,951 for their share of the construction costs of the South Central Ohio Regional Detention Training and Rehabilitation District.

The County issued General Obligation Bonds in 2002 in the amount of \$2,000,000 for the Job & Family Services building.

The County issued an OWDA loan in 2002 in the amount of \$42,600 for the community development septic system replacement project.

The County issued General Obligation Bonds in 2007 in the amount of \$75,000 for the Community & Economic Development building.

The County issued a loan in 2009 in the amount of \$100,185 for a new computer operating system for the Auditor and Treasurer.

The County received OWDA loan proceeds in 2010 in the amount of \$13,462 for the Community Development septic system treatment project. This balance was paid in full during the year by American Recovery and Reinvestment Act (ARRA) grant monies.

The debt service on the General Obligation Bond issues is payable from the Debt Service Funds. The debt service on the outstanding OWDA loan is payable from the Community Development Fund. The debt service on the computer operating system is payable from the Auditor/Treasurer Special Project Fund.

At December 31, 2010, the County's overall legal debt margin was \$2,306,242 with an unvoted debt margin of \$1,889,143.

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

| | Job & Family Services | | Elevator Project | | Detention & Rehabilitation | |
|---------------|-----------------------|------------------|------------------|-----------------|----------------------------|-----------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2011 | \$61,283 | \$81,162 | \$10,978 | \$8,099 | \$8,238 | \$6,128 |
| 2012 | 64,448 | 77,996 | 11,618 | 7,459 | 8,698 | 5,668 |
| 2013 | 67,776 | 74,668 | 12,296 | 6,781 | 9,183 | 5,183 |
| 2014 | 71,277 | 71,168 | 13,012 | 6,064 | 9,695 | 4,671 |
| 2015 | 74,958 | 67,486 | 13,771 | 5,305 | 10,235 | 4,131 |
| 2016-2020 | 437,024 | 275,202 | 82,862 | 13,499 | 60,401 | 11,428 |
| 2021-2025 | 564,160 | 150,062 | 0 | 0 | 6,012 | 192 |
| 2026-2030 | 265,620 | 17,271 | 0 | 0 | 0 | 0 |
| Totals | \$1,606,546 | \$815,015 | \$144,537 | \$47,207 | \$112,462 | \$37,401 |

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

NOTE 10 - LONG-TERM DEBT (Continued)

| | Community & Economic Development | | Auditor & Treasurer Computer System | | OWDA |
|-----------|----------------------------------|----------|-------------------------------------|----------|-----------|
| | Principal | Interest | Principal | Interest | Principal |
| 2011 | \$2,000 | \$2,846 | \$8,862 | \$3,413 | \$1,775 |
| 2012 | 2,000 | 2,764 | 9,234 | 3,041 | 3,550 |
| 2013 | 2,000 | 2,681 | 9,639 | 2,636 | 3,550 |
| 2014 | 2,000 | 2,599 | 10,053 | 2,222 | 3,500 |
| 2015 | 2,000 | 2,516 | 10,485 | 1,790 | 0 |
| 2016-2020 | 14,000 | 11,097 | 34,229 | 893 | 0 |
| 2021-2025 | 15,000 | 8,044 | 0 | 0 | 0 |
| 2026-2030 | 20,000 | 4,540 | 0 | 0 | 0 |
| 2031-2032 | 10,000 | 619 | 0 | 0 | 0 |
| Totals | \$69,000 | \$37,706 | \$82,502 | \$13,995 | \$12,425 |

NOTE 11 - INTERFUND TRANSACTIONS

A. Interfund Advances

Advances in and out during the year ended December 31, 2010 consisted of the following:

| | Advances In | Advances Out |
|-----------------|-------------|--------------|
| General Fund | \$2,000 | \$8,642 |
| Non-Major Funds | 180,411 | 173,769 |
| Total All Funds | \$182,411 | \$182,411 |

During 2010, the General Fund advanced monies to non-major governmental funds in anticipation of intergovernmental grant revenue. Advances among nonmajor funds were between grant funds with similar activity, functions and funding sources, and were made in anticipation of intergovernmental revenue. Advances to the General Fund were for the repayment of advances made in the prior year.

B. Interfund Transfers

The following transfers in and out were made during 2010:

| | Transfers In | Transfers Out |
|-------------------------|--------------|---------------|
| General Fund | \$20,676 | \$136,604 |
| Job and Family Services | 60,746 | 0 |
| MVGT | 0 | 114,870 |
| Non-Major Funds | 292,562 | 122,510 |
| Total All Funds | \$373,984 | \$373,984 |

Transfers are used to move revenues from the fund that collects them in accordance with statute or budget to the fund that is required to expend them in accordance with statute or budget; to segregate money for anticipated capital projects; to provide resources for current operations; or to service debt. Transfers from the MVGT to the Non-Major Funds were for the County's share of Issue II projects.

NOTE 12 - JOINTLY GOVERNED ORGANIZATIONS

Gallia, Jackson, Meigs, and Vinton Joint Solid Waste Management District

The County is a member of the Gallia, Jackson, Meigs, and Vinton Joint Solid Waste Management District, which is 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 the residual district of the Six-County Joint Solid Waste District which was created in 1989, as required by the Ohio Revised Code. The original District consisted of Athens, Gallia, Hocking, Jackson, Meigs, and Vinton Counties; however, Athens and Hocking Counties have subsequently withdrawn.

The Gallia, Jackson, Meigs, and Vinton Joint Solid Waste Management District's sole revenue source is derived from a waste disposal fee for in-district and out-of-district waste. Although the Counties contributed amounts to the District at the time of its creation, all contributions have since been returned to the respective Counties and no future contributions by the Counties are anticipated. Continued existence of the District is not dependent on the Counties' continued participation, no equity interest exists, and no debt is outstanding. In the event that fees collected by the District are not sufficient for operating costs and expenses, the member Counties would share the costs incurred in the same proportions that the populations of each County, as reported in the most recent decennial census of the United States Bureau of Census, are to the total population of all member Counties.

South Central Regional Juvenile Detention Center

The South Central Regional Juvenile Detention Center is a jointly governed organization that was created as a holding place for juvenile offenders waiting for disposition by the respective Juvenile Courts of the member Counties. The current members include Pike, Pickaway, Ross, Jackson, Hocking, Athens, Fayette, Vinton and Highland Counties. The Center's Board consists of one member from each participating County that is appointed by the Juvenile Court Judge or a County Commissioner from each County. The joint Board selects the superintendent as the Center's administrator.

The Center's revenue is from per diem charges for inmates to the respective Counties and a percent of the County tax base to the total tax base. Ross County is the fiscal officer of the Center. Vinton County does not have any financial interest or responsibility. During 2010, Vinton County contributed \$50,573 to the Center.

Buckeye Joint-County Self Insurance Council

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

The degree of control exercised by any participating government is limited to its representation on the Board. The Governing Board is composed of at least one County Commissioner from each of the participating Counties. The Governing Board annually elects officers which include President, Vice President, Second Vice-President and two Governing Board Members. The expenditures and investments of funds by the officer must be approved by the Governing Board unless specific limits have been set by the Governing Board.

In the event of losses, the first \$250 to \$1,000 of any valid claim, depending on the type of loss, will be paid by the member. The next payment, with a maximum pay ranging from \$100,000 to \$1,000,000 per occurrence, will come from the self-insurance pool based on the member's percentage of contribution. If the aggregate claims paid by the pool exceed the available resources, the pool may require the members to make additional supplementary payments. Vinton County does not have any ongoing financial interest or responsibility. The agreement between the County and the Council indicates that a voluntary withdrawal or termination by the County shall constitute a forfeiture of any pro-rata share of the council reserve fund.

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

NOTE 12 - JOINTLY GOVERNED ORGANIZATIONS (Continued)

In the event of the termination of the Council, current members shall be paid in an amount they have contributed to the Council as of the last month of the Council's existence. Current calculation of this potential residual interest is, therefore, not possible. During 2010, Vinton County paid \$96,534 to the Council for insurance coverage. This jointly governed organization is a cost-sharing pool.

Ohio Government Risk Management Plan

The Buckeye Joint-County Self Insurance Council belongs to the Ohio Government Risk Management Plan; an unincorporated non-profit association with approximately 500 public entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services. Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each members' needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible.

The Plan uses conventional insurance coverages and reinsures these coverages. The Plan retains a small portion of the risk as identified in the Plan's financials presented on the website at www.ohioplan.com. The individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

Alcohol, Drug Addiction and Mental Health Services Board of Athens, Hocking and Vinton Counties

The Alcohol, Drug Addiction and Mental Health Services Board of Athens, Hocking and Vinton Counties is a jointly governed organization that serves Athens, Hocking and Vinton Counties, and is established for the purpose of providing alcohol, drug addiction and mental health services to the residents of these Counties.

Each participating County has agreed to levy a tax within their County to assist in the operation of the Board, whose passage requires a majority in the total three-County district. This entity is governed by an eighteen member Board that is responsible for its own financial matters and operates autonomously from Vinton County. The Athens County Auditor serves as the fiscal agent for the revenues of the Board, but the Board is responsible to budget and account for their resources. Nine of the Board Members are appointed by the Commissioners of the member Counties apportioned by population. Five of the remaining members are appointed by the Ohio Department of Alcohol and Drug Addiction Services and the other four members are appointed by the Ohio Department of Mental Health. The Board derives its revenue from local property taxes, intergovernmental grants and reimbursements, and other miscellaneous revenue. Vinton County has no ongoing financial interest or responsibility in this Board.

Vinton County Community Improvement Corporation

Vinton County is affiliated with the Vinton County Community Improvement Corporation (hereafter referred to as the CIC). The CIC has a twelve member Board which consists of the Vinton County Commissioners, the Vinton County Auditor and the Vinton County Treasurer as well as various other business representatives and community members. The Vinton County Treasurer serves as the President of the CIC. The CIC's purpose is to better the County by providing means for job development. The County is not financially accountable for the CIC. For a copy of the CIC's audit report, contact Larry E. Clary, CIC President at (740)596-5690.

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 it Board of Developmental Disabilities. Member counties include: Adams, Athens, Brown, Fayette, Gallia, Highland, Jackson, Lawrence, Pickaway, Pike, Ross, Scioto, and Vinton Counties. The Council acts as fiscal agent for the Vinton County Board of Developmental Disabilities' supportive living program monies. As of December 31, 2010, the County had no funds on hand with the Council. Financial statements can be obtained from the Council at 17273 State Route 104, Building 8, Chillicothe, Ohio 45601.

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

NOTE 12 - JOINTLY GOVERNED ORGANIZATIONS (Continued)

Corrections Commission of Southeastern Ohio

The Corrections Commission of Southeastern Ohio (the Commission), is a joint venture of which Athens, Hocking, Morgan, Perry and Vinton Counties are members. The Commission is a body politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Commission was established to use the authority common to the members to develop, construct, operate and administer a multi-county correctional center to augment county jail programs and facilities.

The Commission was established by the Board of County Commissioners of Athens, Hocking, Morgan and Perry Counties. The Commission is directed by one Commissioner from each participating county, along with the Sheriff and the presiding Judge of the Court of Common Pleas of each participating county. Any of these may name other representatives to fulfill this duty. The presiding judge for Hocking County chose to neither participate nor name a representative so there were 14 directors of the Commission in 2009. Each member county is responsible for a portion of the capital and operating budget as follows: Athens County 41.08%; Perry County 24.32%; Hocking County 18.38%; Morgan County 8.11%; and Vinton County 8.11%.

Complete financial statements of the Commission may be obtained from its administrative office.

NOTE 13 – COMPONENT UNIT

Vinton Industries, Inc. (Corporation)

Vinton Industries, Inc., a discretely presented component unit of Vinton County, prepared their financial statements on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The Corporation maintains checking and savings accounts. The Corporation has no investments or non-cash holdings other than certificates of deposit. At December 31, 2009 (the most recent information available), the carrying amount of the Corporation's deposits was \$957 and the bank balance was \$1,506. Deposits are categorized into one of three categories of credit risk:

1. Insured or collateralized with securities held by the entity or its agent in the entity's name.
2. Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.
3. Uncollateralized or collateralized, with securities held by the pledging financial institution or its trust department or agent but not in the entity's name.

The entire bank balance was covered by federal deposit insurance. There are no statutory guidelines regarding the deposit and investment of funds by the Corporation. The Corporation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal income tax is required.

NOTE 14 - 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.

The County had several pending litigation cases at December 31, 2010. Management believes that the financial impact of these cases, if any, would not be material to the basic financial statements of the County.

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

NOTE 15 – COMPLIANCE

The Ohio Revised Code requires the County to prepare its financial report in accordance with accounting principles generally accepted in the United States of America. The County has instead prepared its annual financial report on the cash basis of accounting, which is another comprehensive basis of accounting.

NOTE 16 – SUBSEQUENT EVENTS

No events were noted subsequent to December 31, 2010 which would have a significant effect on the financial statements through the date of this report.

VINTON COUNTY FINANCIAL CONDITION
Schedule of Federal Awards Expenditures
For the Year Ended December 31, 2010

| Federal Grantor/ Pass Through Grantor/ Program Title | Pass Through Entity Number | Federal CFDA Number | Disbursements |
|--|-------------------------------|------------------------|----------------|
| <u>U.S. Department of Agriculture</u> | | | |
| <i>Direct from Federal Government</i> | | | |
| Rural Business Enterprise Grant (RBEG) | (2) | 10.769 | 69,575 |
| Rural Housing Preservation Grants | (2) | 10.433 | 6,091 |
| <i>Passed through the Ohio Department of Job & Family Services</i> | | | |
| <i>Food Stamp Cluster</i> | | | |
| State Admin Matching Grants for Food Stamp Program | (1) | 10.561 | 113,109 |
| ARRA State Admin Matching Grants for Food Stamp Program | (1) | 10.561 | 11,251 |
| Total Food Stamp Cluster | | | <u>124,360</u> |
| Total US Department of Agriculture | | | 200,026 |
| <u>U.S. Department of Housing and Urban Development</u> | | | |
| <i>Passed through the Ohio Department of Development/State's Program</i> | | | |
| <i>Community Development Block Grants:</i> | | | |
| FY 08 New Horizons Fair Housing Assistance Program | B-N-08-075-1 | 14.228 | 5,412 |
| FY09 Community Development Program | B-F-09-075-1 | 14.228 | 57,400 |
| FY09 Community Development Program | B-F-09-ICW-1 | 14.228 | 16,200 |
| FY07 Community Development Program | B-F-07-ICW-1 | 14.228 | 118,434 |
| FY10 CHIP | BC-10-1CW-1 | 14.228 | 80,219 |
| FY08 CHIP | BC-08-1CW-1 | 14.228 | 152,213 |
| Appalachian Regional Commission | B-P-08-1CW-1 | 14.228 | 244,411 |
| Total Community Development Block Grants | | | <u>674,289</u> |
| FY10 HOME | B3-10-ICW-2 | 14.239 | 6,744 |
| Neighborhood Stabilization Program | B-Z-08-1W1-1 | 14.264 | 861,662 |
| Total U.S. Department of Housing and Urban Development | | | 1,542,695 |
| <u>U.S. Department of Justice</u> | | | |
| <i>Passed through Ohio Office of Criminal Justice</i> | | | |
| Edward Byrne Justice Asst. Grant Formula Program | 2005-JG-LLE-5115A | 16.738 | 10,212 |
| Total U.S. Department of Justice | | | 10,212 |
| <u>U.S. Department of Transportation</u> | | | |
| Airport Improvement Program | (2) | 20.106 | 269,857 |
| Capital Assistance Program for Elderly or Disabled Persons | (2) | 20.513 | 37,036 |
| Total U.S. Department of Transportation | | | <u>306,893</u> |
| <u>U.S. Department of Labor</u> | | | |
| <i>Passed through the Ohio Department of Human Services</i> | | | |
| <i>Workforce Allocation Cluster</i> | | | |
| WIA - Local - Adult | (1) | 17.258 | 77,344 |
| WIA - Local - Adult - ARRA | (1) | 17.258 | 5,940 |
| WIA - Local - Adult Administration | (1) | 17.258 | 1,739 |
| WIA - Local - Youth | (1) | 17.259 | 96,327 |
| WIA - Local - Youth - ARRA | (1) | 17.259 | 3,443 |
| WIA - Local - Youth Administration | (1) | 17.259 | 2,166 |
| WIA - Local - Dislocated | (1) | 17.260 | 93,185 |
| WIA - Local - Dislocated - ARRA | (1) | 17.260 | 2,313 |
| WIA - Local - Administration | (1) | 17.260 | 2,095 |
| WIA - Local - Administration - ARRA | (1) | 17.260 | 500 |
| WIA - Area 14 - Adult | (1) | 17.258 | 528,507 |
| WIA - Area 14 - Adult -ARRA | (1) | 17.258 | 79,317 |
| WIA - Area 14 - Adult Administration | (1) | 17.258 | 43,234 |
| WIA - Area 14 - Youth | (1) | 17.259 | 599,197 |
| WIA - Area 14 - Youth - ARRA | (1) | 17.259 | 154,983 |
| WIA - Area 14 - Youth Administration | (1) | 17.259 | 49,010 |
| WIA - Area 14 - Dislocated | (1) | 17.260 | 949,350 |
| WIA - Area 14 - Dislocated - ARRA | (1) | 17.260 | 817,574 |
| WIA - Area 14 - Administration | (1) | 17.260 | 77,634 |
| WIA - Area 14 - Administration - ARRA | (1) | 17.260 | 23,340 |
| Total U.S. Department of Labor | | | 3,607,198 |

VINTON COUNTY FINANCIAL CONDITION
Schedule of Federal Awards Expenditures
For the Year Ended December 31, 2010

| Federal Grantor/ Pass Through Grantor/ Program Title | Pass Through Entity Number | Federal CFDA Number | Disbursements |
|--|-------------------------------|------------------------|-------------------------|
| <u>U.S. Elections Commission</u> | | | |
| <i>Passed through the State Secretary of State</i> | | | |
| Help America Vote Act | (2) | 90.401 | 194 |
| <u>U.S. Department of Health and Human Services</u> | | | |
| <i>Passed through the Ohio Department of Job & Family Services</i> | | | |
| Social Services Block Grant | (1) | 93.667 | 450,440 |
| <i>Passed through the State Department of Developmental Disabilities</i> | | | |
| Social Services Block Grant | (1) | 93.667 | 9,137 |
| Total Social Service Block Grant | | | <u>459,577</u> |
| <i>Passed through the Ohio Department of Job & Family Services</i> | | | |
| Medicare Cluster: | | | |
| Medical Assistance Program | (1) | 93.778 | 1,243,951 |
| Total Medicare Cluster | | | <u>1,243,951</u> |
| <i>Passed through the Ohio Department of Job & Family Services</i> | | | |
| CCDF Cluster: | | | |
| Child Care Development Block Grant | (1) | 93.575 | 1,446 |
| Child Care Mandatory & Matching Funds | (1) | 93.596 | 70,660 |
| Total CCDF Cluster | | | <u>72,106</u> |
| TANF Cluster: | | | |
| TANF | (1) | 93.558 | 847,388 |
| TANF Summer Youth | (1) | 93.714 | 126,733 |
| Total TANF Cluster | | | <u>974,121</u> |
| Promoting Safe and Stable Families | (1) | 93.556 | 9,448 |
| Child Support Enforcement | (1) | 93.563 | 10,304 |
| ARRA Child Support Enforcement | (1) | 93.563 | 123,327 |
| Child Welfare Services State Grant | (1) | 93.645 | 6,201 |
| Foster Care Title VI-E - Administration and Training | (1) | 93.658 | 5,106 |
| ProtectOhio | (1) | 93.658 | 204,028 |
| Adoption Assistance Title VI-E | (1) | 93.659 | 4,278 |
| Adoption Assistance Title VI-E - Administration and Training | (1) | 93.659 | 8,448 |
| Child Abuse and Neglect | (1) | 93.669 | 1,209 |
| Federal Chaffee | (1) | 93.674 | 8,314 |
| SCHIP | | 93.767 | 3,546 |
| Total U.S. Department of Health and Human Services | | | <u>3,133,964</u> |
| <u>U.S. Department of Homeland Security</u> | | | |
| State Domestic Preparedness Equipment Support Program: | | | |
| <i>Passed through the Ohio Emergency Management Agency</i> | | | |
| 2010 EMPG | 2010-EP-00-003 | 97.042 | 10,616 |
| 2009 EMPG | 2009-EP-E9-003 | 97.042 | 9,316 |
| FY07 State Homeland Security Program, Regional | 2007-GE-T7-0030 | 97.067 | 4,667 |
| Total U.S. Department of Homeland Security | | | <u>24,599</u> |
| Total Federal Expenditures | | | <u><u>8,825,781</u></u> |

(1) - Passthrough entity number not available
(2) - Direct from the federal government

See accompanying notes to the schedule of federal awards expenditures.

VINTON COUNTY FINANCIAL CONDITION
Notes to the Schedule of Federal Awards Expenditures
For the year ended December 31, 2010

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - MATCHING REQUIREMENTS

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

NOTE C - REVOLVING LOAN FUNDS

The County has established a revolving loan program to provide low interest loans to businesses to create jobs for persons from low to moderate income households and to eligible persons to rehabilitate homes. The Federal Department of Housing and Urban Development (HUD) grants money from these loans to the County, pass through the Ohio Department of Development (ODOD). The initial loan of this money is recorded as a disbursement on the accompanying Schedule of Federal Awards Expenditures. Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as disbursements on the Schedule.

These loans are collateralized by mortgages of property and equipment and by guarantees. At December 31, 2010, the gross amount of loans outstanding under this program were \$1,052,332.

NOTE D - CHILD CARE SERVICES

The Ohio Department of Job and Family Services (ODJFS) sub-awarded to Hocking County, Federal funding from the U.S. Department of Health and Human Services. Although these programs were administered at the County level, in July 2010 ODJFS adjusted some of the County's child care expenditures to align them with available funding sources. ODJFS' adjustments were retroactive to the beginning of the grant period (October 1, 2009). Therefore, these July 2010 adjustments affect 2009 calendar-year program expenditures previously reported as follows:

| <u>Child Care Cluster</u> | <u>CFDA #</u> | <u>Pass Through #</u> | <u>2009 Federal Expenditures Reported</u> | <u>July 2010 Adjustment</u> | <u>Adjusted 2009 Federal Expenditures Reported</u> |
|---------------------------------------|---------------|-----------------------|---|-----------------------------|--|
| Child Care Mandatory & Matching Funds | 93.596 | (1) | \$113,820 | \$0 | \$113,820 |

**Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Required By
Government Auditing Standards**

Board of Commissioners
Vinton County, Ohio
100 East Main Street
McArthur, OH 45651

We have audited the financial statements of the governmental activities, discretely presented component unit each major fund, and the aggregate remaining fund information of Vinton County, Ohio (the County), as of and for the year ended December 31, 2010, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 30, 2011. The County's financial statements have been prepared on the cash basis of accounting rather than the generally accepted accounting principles. We did audit the financial statements of Vinton Industries, Inc., the discretely presented component unit. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Government's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion(s) on the financial statements, but not for the purpose of opining on the effectiveness of the Government's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Government'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 and questioned costs we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 finding 2010-002 described in the accompanying schedule of findings and questioned costs to be a material weakness.

Board of Commissioners
Vinton County, Ohio
Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Required by
Government Auditing Standards

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 and other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2010-001 through 2010-003.

We also noted certain matters that we have reported to the management of the County in a separate letter dated September 30, 2011.

The County's written responses to the findings identified in our audit have not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.

September 30, 2011

**Report on Compliance with Requirements Applicable to
Each Major Program and Internal Control over Compliance in
Accordance with OMB Circular A-133**

Board of Commissioners
Vinton County, Ohio
100 East Main Street
McArthur, OH 45651

Compliance

We have audited the compliance of Vinton County, Ohio (the County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the County's major federal programs for the year ended December 31, 2010. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

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

Internal Control over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with 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 have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Board of Commissioners
Vinton County, Ohio
Report on Compliance with Requirements Applicable to Each Major
Program and Internal Control over Compliance in Accordance with
OMB Circular A -133

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

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

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

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.

September 30, 2011

VINTON COUNTY, OHIO
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2010

A. SUMMARY OF AUDITOR'S RESULTS

| | |
|---|--|
| 1. Type of Financial Statement Opinion | Unqualified |
| 2. Were there any material internal control weaknesses reported at the financial statement level (GAGAS)? | Yes |
| 3. Were there any other significant deficiencies in internal controls reported at the financial statement level (GAGAS)? | No |
| 4. Was there any material noncompliance reported at the financial statement level (GAGAS)? | Yes |
| 5. Were there any material internal control weaknesses reported for major federal programs? | No |
| 6. Were there any other reportable internal control weaknesses reported for major federal programs? | No |
| 7. Type of Major Programs' Compliance Opinion | Unqualified |
| 8. Are there any reportable findings under § .510? | No |
| 9. Major Programs (list): | Workforce Allocation Cluster: CFDA # 17.258, 17.259, 17.260 Community Development Block Grant CFDA # 14.228 Neighborhood Stabilization Program CFDA # 14.264 Child Support Enforcement CFDA # 93.563 Airport Improvement CFDA # 20.106 Temporary Assistance for Needy Families Cluster CFDA#93.558 and 93.714 |
| 10. Dollar Threshold: Type A/B Programs | Type A: >\$300,000 Type B: All Other Programs |
| 11. Low Risk Auditee? | No |

VINTON COUNTY, OHIO
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2010

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

Finding Number 2010-001

Annual Financial Report - Noncompliance Citation

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

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

The County should prepare its annual financial report in accordance with generally accepted accounting principles.

Officials Response

The County has no immediate plans to file its annual financial report in accordance with generally accepted accounting principles. This may be an option in the future if the County's financial conditions improve.

Finding Number 2010-002

Maintaining Support Documentation – Noncompliance Citation and Material Weakness

Ohio Rev. Code Section 149.351 (A) states that all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commissions provided for under sections 149.38 to 149.42. Such records shall be delivered by outgoing officials and employees to their successors and shall not be otherwise removed, transferred, or destroyed unlawfully.

VINTON COUNTY, OHIO
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2010

Finding Number 2010-002 (Continued)

The Prosecutor's Office was unable to locate original supporting documentation for the following expenditures from the Prosecutor's FOJ Fund that were selected for testing:

Checks:

- # 1839 to Sam's Club in the amount of \$363.82.
- # 1872 to Sam's Club in the amount of \$152.43.
- # 1878 to Kroger in the amount of \$150.00.
- # 1880 to Wal-Mart in the amount of \$55.19.
- # 1881 to Sam's Club in the amount of \$17.63.
- # 1914 to RDI Solutions in the amount of \$100.00.
- # 1919 to A. Campbell in the amount of \$75.00.

Debt Card Transactions:

- February 5, 2010 to Payless Auto Rental in the amount of \$48.39.
- March 24, 2010 to Campbell in the amount of \$22.90.
- April 10, 2010 to Speedway in the amount of \$30.00.
- April 19, 2010 to Fish Market in the amount of \$117.36.
- May 24, 2010 to G. Ranch in the amount of \$22.50.
- June 7, 2010 to Sam's Club in the amount of \$29.95.
- July 23, 2010 to M. Renes in the amount of \$19.20.
- July 23, 2010 to M. Renes in the amount of \$24.80.
- September 14, 2010 to M. Renes in the amount of \$30.64.
- October 4, 2010 to Chop House in the amount of \$72.00.
- November 1, 2010 to Tom Thumb in the amount of \$61.24.
- November 18, 2010 to Los Amigos in the amount of \$87.90.

While the expenditures appear to be reasonable in nature, the Prosecutor should ensure all records are adequately safeguarded. The failure to maintain adequate support for expenditures could result in a loss of accountability, making it difficult to identify errors which could go undetected, and possibly result in expenditures that are not for proper public purpose.

Officials Response

Per Ohio Revised Code, at the beginning of each fiscal year, a check from the General Fund, in the amount of half of the Prosecutor's salary with a private practice, is issued to the Prosecutor. A separate check is also issued to the Sheriff equal to half of the county's portion of the Sheriff's salary.

In January 2010, the amount issued to the Vinton County Prosecutor was \$27,109.00. The check was the deposited into an account with The Vinton County National Bank named Furtherance of Justice (F.O.J). The Prosecutor was then issued a check book, by the financial institution, that only required the signature of the Prosecutor. The Prosecutor, at the end of the fiscal year, is required to file a report with the county auditor. The report shall contain an itemized statement showing all expenses and the ending cash balance. This report is then turned over to the independent auditors conducting the audit.

VINTON COUNTY, OHIO
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2010

Finding Number 2010-002 (Continued)

All tax money should be of proper public purpose and should be properly documented. Because of the law regarding the F.O.J. Account, there are no checks and balances until the money is already expended. The law does not require the Prosecutor to gain approval of expenses from the Auditor, Treasurer or the Commissioner's unlike all other General Fund expenditures. This law creates the issue of money being left up to a single elected official to decide how the tax money is expended, managed and balanced. This eliminates a key part of county government which is checks and balances.

Please note, there were no issues regarding the Sheriff's F.O.J. account.

Finding Number 2010-003

Negative Fund Balances – Noncompliance Citation

Ohio Rev. Code Section 5705.10 states that monies paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative balance indicates that money from one fund was used to cover the expenses of another fund.

At December 31, 2010, there was negative balance for the Prosecuting Attorney's Furtherance of Justice bank account.

Negative cash balances are an indication that receipts from other sources were used to pay obligations of these funds. Fund activity should be monitored to prevent future disbursements in excess of available resources. In those cases where additional funds are required, the resources should be transferred or advanced to the fund in accordance with the Ohio Revised Code.

Officials Response

Per ORC section 325.12 the sole responsibility of maintaining this account falls on the Prosecutor. Proper bookkeeping would have eliminated an overdraft on the account.

C. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings or questioned costs related to the federal awards required to be reported.

VINTON COUNTY, OHIO
Schedule of Prior Audit Findings
For the Year Ended December 31, 2010

| Finding Number | Description | Status | Comments |
|---------------------------|--|------------------|---|
| | <i>Government Auditing Standards:</i> | | |
| 2009-001 | Ohio Admin Code Section 117-22-03(B) requires the County to prepare its annual financial report in accordance with generally accepted accounting principles. The County filed its report using the cash basis of accounting. | Not Corrected | Re-issued in current Schedule of Audit Findings as item 2010-001. |



Dave Yost • Auditor of State

VINTON COUNTY FINANCIAL CONDITION

VINTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
NOVEMBER 10, 2011