



Dave Yost • Auditor of State

ADAMS COUNTY
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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Adams County
110 West Main Street
West Union, Ohio 45693

To the Board of Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate discretely presented component unit and remaining fund information of Adams County, Ohio (the County), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the County's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Unmodified
Business-Type Activities	Adverse
Governmental Fund – General Fund	Unmodified
Governmental Fund – Ambulance and EMS	Unmodified
Governmental Fund – Board of Developmental Disabilities	Unmodified
Governmental Fund – Job and Family Services	Unmodified
Governmental Fund – Motor Vehicle Gas and Tax	Unmodified
Governmental Fund – Sewer Project Barnes	Unmodified
Enterprise Fund – Adams County Hospital	Adverse
Aggregate Remaining Fund Information	Unmodified

Basis for Adverse Opinions on the Business Type Activities and Enterprise Fund – Adams County Hospital

Management has not included Enterprise Adams County Hospital, a blended component unit, in the County's financial statements. Accounting principles generally accepted in the United States of America require the Adams County Hospital Fund to be presented as a major enterprise fund and financial information to be part of the Business Type Activities, thus increasing that activity's assets, liabilities, revenues and expenses, and changing its net position. The amount by which this departure would affect the assets, fund balances, liabilities, net position, revenues and expenses of the business-type activities and the omitted major fund has not been determined.

Adverse Opinions

In our opinion, because of significance of the matter described in the *Basis for Adverse Opinions on Business Type Activities and Major Enterprise Fund* paragraph, the financial statements referred to above do not present fairly, the cash financial position of the Adams County Hospital enterprise fund or the business-type activities of Adams County, Ohio, as of December 31, 2012, or the changes in cash financial position or cash flows thereof for the year then ended in accordance with the basis of accounting note 2 describes.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund except the Adams County Hospital fund, and the aggregate discretely presented component unit and remaining fund information of Adams County, Ohio as of December 31, 2012, and the respective changes in cash financial position thereof and the respective budgetary comparison for the General, Ambulance & EMS, Board of Developmental Disabilities, Job and Family Services, and Motor Vehicle Gasoline Tax funds, thereof for the year then ended in conformity with the accounting basis described Note 2.

Accounting Basis

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. We draw attention to Note 2 of the financial statements, which describes the basis applied to these statements, which is a basis other than generally accepted accounting principles. We did not modify our opinion regarding this matter.

Emphasis of Matter

As discussed in Note 17 to the financial statements, during the year ended December 31, 2012, the County adopted the provisions of Governmental Accounting Standards Board Statement No. 62 *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. We did not modify our opinion regarding this matter.

Other Matters

Supplemental and Other Information

We audited to opine on the County's financial statements that collectively comprise its basic financial statements.

Management's Discussion & Analysis includes tables of net position, changes in net position, governmental activities, business type activities and long-term debt. This information provides additional analysis and is not a required part of the basic financial statements.

The Schedule of Federal Award Expenditures also presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

These tables and the Schedule are management's responsibility, and derives from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these tables and the Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling these tables and the Schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. Because of the significance of the matter described in the Basis for Adverse Opinion, the Business type Activities and Major Enterprise Adams County Hospital fund, it is inappropriate and we do not opine on Management's Discussion and Analysis tables. In our opinion, the Schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2013, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

September 23, 2013

Adams County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

The discussion and analysis of Adams County's financial performance provides an overview of the County's financial activities for the year ended December 31, 2012, within the limitations of the County's cash basis of accounting. Please read this in conjunction with the County's basic financial statements that begin on page 10.

Financial Highlights

Key financial highlights for 2012 are as follows:

Overall:

Total net position increased \$1,081,289 with governmental activities increasing by \$1,076,329 and business-type activities increasing by \$4,960.

Total cash receipts were \$31,567,696 in 2012.

Total cash disbursements were \$30,486,407 in 2012.

Governmental Activities:

Total program cash receipts were \$17,792,766 in 2012, while program cash disbursements were \$30,477,964.

Program cash disbursements were primarily composed of Public Works, Human Services, Health, Public Safety, and General Government-Legislative and Executive related cash disbursements which were \$6,423,475, \$6,086,399, \$3,770,772, \$2,979,827, and \$2,650,044, respectively, in 2012.

Business-Type Activities:

Program cash receipts were \$8,050 for business-type activities, while corresponding cash disbursements were \$8,443.

Using this Basic Financial Report

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.

The *Statement of Net Position-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 the 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 the County, the General Fund, the Ambulance and EMS Fund, the Motor Vehicle Gas Tax Fund, the Job and Family Services Fund, the ACBDD Fund, and the Sewer Project Barnes – Phase II Fund are the most significant funds and have been presented as major funds.

Reporting the County as a Whole

The County's Reporting Entity Presentation

This annual report includes all activities for which the County is fiscally responsible. These activities, defined as the County's reporting entity, are operated within separate legal entities that make up the primary government and two other separate legal entities. The primary government consists of Adams County. The component unit presentation includes Venture Productions, Inc. on pages 10 and 11 presented on a cash basis. The Adams County Hospital is not presented in these financial statements as part of the primary government as they report on the accrual basis.

Adams County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

Statement of Net Position-cash basis and the Statement of Activities-cash basis

While this document contains the large number of funds used by the County to provide programs and activities, the view of the County as a whole looks at all cash basis financial transactions and asks the question, "How did we do financially during 2012?" The Statement of Net Position-cash basis and the Statement of Activities-cash basis report information about the County as a whole and about its activities in a way that helps answer this question. These statements include *only net position* using the *cash basis of accounting*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid. These two statements report the County's *net position* and changes in that position. This change in net position is important because it tells the reader whether, for the County as a whole, the *cash basis financial position* of the County has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the County's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, mandated federal and state programs and other factors.

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 the cash basis of accounting.

In the Statement of Net Position-cash basis and the Statement of Activities-cash basis, the County is divided into three distinct kinds of activities:

Governmental Activities – Most of the County's programs and services are reported here including general government, public safety, public works, health, human services, other, capital outlay, and debt service.

Business-Type Activities – These services are provided on a charge for goods or services basis to recover all of the cash disbursements of the goods or services provided. The County's wastewater treatment program and the airport are reported as business-type activities.

Component Unit Activities – Although Venture Productions, Inc. is a separate legal entity, the County includes their activities since the County is financially accountable for this entity. Adams County Hospital is also a separate legal entity; however, their financial statements are presented on the accrual basis of accounting. The financial statements of the Adams County Hospital are not included in this presentation.

Reporting the County's Most Significant Funds

Fund Financial Statements

The analysis of the County's major funds begins on page 8. Fund financial statements provide detailed information about the County's major funds. The County uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the County's most significant funds. The County's most significant funds that have been presented as major governmental funds are the General Fund, the Ambulance and EMS Fund, the Motor Vehicle Gas Tax Fund, the Job and Family Services Fund, the ACBDD Fund and the Sewer Project Barnes – Phase II 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 view of the County's general government 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 readily spent to finance various County programs. Since the County is reporting on the cash basis of accounting, there are no differences in the net position and cash basis fund balances or changes in net position and changes in cash basis fund balances. Therefore, no reconciliation is necessary between such financial statements. However, differences will be apparent when comparing gross receipts and disbursements on the fund financial statements to the Statement of Activities-cash basis due to transfers and advances netted on the Statement of Activities-cash basis. See Note 2 to the basic financial statements entitled *Government-Wide Financial Statements*.

Adams County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

Proprietary Funds The County's proprietary funds use the same basis of accounting (cash basis) as business-type activities; therefore, these statements will essentially match the information provided in statements for the County as a whole.

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The basis of accounting used for fiduciary funds is the cash basis of accounting. The County's only fiduciary funds are agency funds.

The County as a Whole

Recall that the Statement of Net Position-cash basis provides the perspective of the County as a whole. Table 1 provides a summary of the County's net position for 2012 as compared to 2011:

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Assets						
Equity in Pooled Cash, Cash Equivalents & Investments	\$11,881,538	\$10,799,954	\$10,931	\$5,971	\$11,892,469	\$10,805,925
Cash and Cash Equivalents with Fiscal Agents	328,971	334,226	0	0	328,971	334,226
Total Assets	12,210,509	11,134,180	10,931	5,971	12,221,440	11,140,151
Net Position						
Restricted	10,890,179	9,929,334	0	0	10,890,179	9,929,334
Unrestricted	1,320,330	1,204,846	10,931	5,971	1,331,761	1,210,817
Total Net Position	<u>\$12,210,509</u>	<u>\$11,134,180</u>	<u>\$10,931</u>	<u>\$5,971</u>	<u>\$12,221,440</u>	<u>\$11,140,151</u>

Total net position increased by \$1,081,289 due to cash receipts exceeding cash disbursements.

Adams County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

Table 2 shows the changes in net position for 2012 as compared to 2011.

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Cash Receipts						
<i>Program Cash Receipts</i>						
Charges For Services	\$3,210,398	\$3,396,023	\$8,050	\$8,692	\$3,218,448	\$3,404,715
Operating Grants and Contributions	11,426,719	9,626,815	0	0	11,426,719	9,626,815
Capital Grants and Contributions	3,155,649	1,407,123	0	0	3,155,649	1,407,123
Total Program Cash Receipts	17,792,766	14,429,961	8,050	8,692	17,801,316	14,438,653
<i>General Cash Receipts and Transfers</i>						
Property Taxes	5,338,558	5,430,402	0	0	5,338,558	5,430,402
Sales Taxes	2,119,889	2,180,343	0	0	2,119,889	2,180,343
Grants and Entitlements Not						
Restricted to Specific Programs	1,070,757	1,158,674	0	0	1,070,757	1,158,674
Miscellaneous	685,237	783,551	0	0	685,237	783,551
Interest	45,623	67,892	0	0	45,623	67,892
Transfers	(5,353)	(2,172)	5,353	2,172	0	0
Proceeds from Bonds and Loans	4,506,816	376,661	0	0	4,506,816	376,661
Total General Cash Receipts and Transfers	13,761,527	9,995,351	5,353	2,172	13,766,880	9,997,523
Total Cash Receipts and Transfers	31,554,293	24,425,312	13,403	10,864	31,567,696	24,436,176
Cash Disbursements						
<i>Program Cash Disbursements</i>						
<i>General Government</i>						
Legislative and Executive	2,650,044	2,859,223	0	0	2,650,044	2,859,223
Judicial	1,267,650	1,356,301	0	0	1,267,650	1,356,301
Public Safety	2,979,827	2,563,519	0	0	2,979,827	2,563,519
Public Works	6,423,475	5,452,725	0	0	6,423,475	5,452,725
Health	3,770,772	3,385,899	0	0	3,770,772	3,385,899
Human Services	6,086,399	5,663,296	0	0	6,086,399	5,663,296
Other	1,469,152	1,414,018	0	0	1,469,152	1,414,018
Capital Outlay	2,974,111	411,074	0	0	2,974,111	411,074
<i>Debt Service:</i>						
Principal Retirement	2,779,873	541,806	0	0	2,779,873	541,806
Interest and Fiscal Charges	76,661	28,584	0	0	76,661	28,584
Airport	0	0	7,716	9,678	7,716	9,678
Sewer	0	0	727	826	727	826
Total Cash Disbursements	30,477,964	23,676,445	8,443	10,504	30,486,407	23,686,949
Change in Net Position	1,076,329	748,867	4,960	360	1,081,289	749,227
Net Position at Beginning of Year	11,134,180	10,385,313	5,971	5,611	11,140,151	10,390,924
Net Position at End of Year	\$12,210,509	\$11,134,180	\$10,931	\$5,971	\$12,221,440	\$11,140,151

Adams County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

Net position increased \$1,076,329 in governmental activities in 2012. Program cash receipts were primarily composed of charges for services, operating grants and contributions and capital grants and contributions which were \$3,210,398, \$11,426,719, and \$3,155,649 respectively.

Cash receipts for governmental activities increased \$7,128,981 due to increases in operating grants and contributions, capital grants and contributions and proceeds from bonds and loans. Capital grants and contributions increased due to an increase in ODOT and OPWC monies received in 2012. Proceeds from bonds and loans increased due to the issuance of \$1.1 million in bond anticipation notes, \$1.135 million in general obligation bonds, \$326,280 in OPWC loans and \$1,945,536 in OWDA loans. Operating grants and contributions increased due to additional monies received in the Job and Family Services Program and the Delaney Barnes Project.

Program cash disbursements increased \$6,801,519 due to several factors, one of which was, an increase in capital outlay expenditures. Public works disbursements also increased as a direct result of the monies received from the Ohio Public Works Commission. Principal retirement increased \$2,238,067 due largely to stimulus principal reductions and a principal payoff of a short term note.

Property taxes, sales taxes and operating grants and contributions made up 16.9, 6.7, and 36.2 percent, respectively for governmental activities for the County in 2012.

The Statement of Activities-cash basis shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental and business-type activities, the total cost of services and the net cost of services (on the cash basis) for the County. That is, it identifies the cost of these services supported by tax receipts and unrestricted State entitlements. The dependence upon tax receipts and intergovernmental monies for governmental activities is apparent. Human services activities are mainly supported through charges for services and operating grants and contributions; for all governmental activities general cash receipts support is 43.6 percent as shown in Table 2. The taxpayers and the State of Ohio, as a whole, provide the vast majority of resources for Adams County.

Adams County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

Table 3
 Total Cost of Program Services
 Governmental Activities and Business-Type Activities

	2012		2011	
	<u>Total Cost of Service</u>	<u>Net Cost of Service</u>	<u>Total Cost of Service</u>	<u>Net Cost of Service</u>
Governmental Activities				
General Government				
Legislative and Executive	\$2,650,044	\$1,880,151	\$2,859,223	\$2,048,578
Judicial	1,267,650	945,926	1,356,301	956,134
Public Safety	2,979,827	1,795,429	2,563,519	1,618,327
Public Works	6,423,475	2,190,832	5,452,725	1,887,420
Health	3,770,772	1,014,343	3,385,899	779,898
Human Services	6,086,399	1,780,077	5,663,296	1,330,736
Other	1,469,152	1,118,192	1,414,018	1,051,050
Capital Outlay	2,974,111	(896,286)	411,074	(996,049)
Debt Service				
Principal Retirement	2,779,873	2,779,873	541,806	541,806
Interest and Fiscal Charges	76,661	76,661	28,584	28,584
Total Cash Disbursements -				
Governmental Activities	<u>\$30,477,964</u>	<u>\$12,685,198</u>	<u>\$23,676,445</u>	<u>\$9,246,484</u>
Business-Type Activities				
Airport	\$7,716	\$986	\$9,678	\$3,001
Sewer	727	(593)	826	(1,189)
Total Cash Disbursements -				
Business-Type Activities	<u>\$8,443</u>	<u>\$393</u>	<u>\$10,504</u>	<u>\$1,812</u>

Business-Type Activities

Business-type activities include wastewater treatment services and the County airport. Overall net position increased \$4,960 from 2011 to 2012. Program cash receipts and transfers supported business-type activities and during 2012 program cash disbursements exceeded program cash receipts, so transfers in of \$5,353 resulted in the above increase.

The County's Funds

Information about the County's major funds starts on page 12. These funds are accounted for using the cash basis of accounting. All governmental funds had total cash receipts and other financing sources of \$32,452,356 and cash disbursements and other financing uses of \$31,376,027. The net change in fund balance for the year was most significant in the Motor Vehicle and Gas Tax Fund, the ACBDD Fund and the Job and Family Services Fund. The fund balance of the Motor Vehicle Gas Tax Fund decreased \$790,156 primarily due to an increase in cash disbursements for public works. The fund balance in the ACBDD Fund decreased \$130,834 due to an increase in expenditures. The fund balance in Job and Family Services Fund increased \$140,742 primarily due to an increase in revenues which was partially offset by an increase in expenditures. The fund balance of the General Fund increased \$115,484 due to a decrease in expenditures. The fund balance of the Sewer Project Barnes – PH II was \$30,763. The Sewer Project Barnes – PH II fund had \$1,466,990 in cash receipts, \$1,945,536 in proceeds from bonds and loans, \$500 in transfers in, and \$3,382,263 in cash disbursements.

General Fund Budgeting Highlights

The County's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. For the General Fund, final budget basis receipts and other financing sources were \$7,103,592, above original budget estimates of \$6,375,000.

Adams County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

Of this \$728,592 difference, final budgeted tax receipts were \$429,131 above original estimates, and various other receipt categories made up the difference. Actual cash basis receipts and other financing sources were \$375,111 higher than final budgeted receipts which were primarily due to higher than expected tax receipts. Final budgeted appropriations and other financing uses were \$7,481,027, which were above original appropriations and other financing uses of \$7,229,945. Of the \$251,082 difference, final budgeted appropriations in the public safety and public works expense accounts were \$85,901 and \$138,495 above original budgeted appropriations, respectively. Total actual disbursements and other financing uses on the budget basis (cash outlays plus encumbrances) were \$7,585,919, which was \$107,216 above cash receipts and other financing sources. The actual fund balance for the General Fund exceeded the final budgeted fund balance by \$270,219.

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 \$2,974,111 during 2012.

Debt

Under the cash basis of accounting, the County does not report bonds, long-term notes or short-term notes 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 about bonds, long-term notes and short-term notes. At December 31, 2012, the County had \$4,702,182 in bonds and related long-term debt for governmental activities. For additional information on debt, please see Note 9.

Table 4 summarizes bonds, loans and notes outstanding for Governmental Activities for the past two years:

Table 4
 Outstanding Debt at December 31
 Governmental Activities

	2012	2011
General Obligation Bonds	\$1,135,000	\$0
Special Assessment Bonds	253,915	260,054
OPWC Loans	1,263,324	983,199
OWDA Loan	1,850,480	1,465,347
USDA Bonds	30,000	45,000
Gradall XL4100 III	169,463	221,639
Totals	\$4,702,182	\$2,975,239

Current Financial Related Activities

As the preceding information shows, the County heavily depends on its property taxpayers and sales taxpayers as well as intergovernmental monies. Since the property tax receipts do not grow at the same level as inflation and sales taxes are dependent upon the economy, the County will be faced with significant challenges over the next several years to contain costs and ultimately determine what options are available to the County to increase financial resources.

All of the County's financial abilities will be needed to meet the challenges of the future.

Contacting the County's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the County's cash basis 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 David Gifford, County Auditor of Adams County, 110 West Main Street, Room 104, West Union, Ohio 45693-1395, or email at david.gifford@auditor.adamscountyoh.gov.

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Adams County, Ohio
Statement of Net Position - Cash Basis
As of December 31, 2012

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Venture Productions, Inc.
ASSETS:				
Equity in Pooled Cash, Cash Equivalents, and Investments	\$11,881,538	\$10,931	\$11,892,469	\$0
Cash and Cash Equivalents with Fiscal Agents	328,971	0	328,971	0
Cash and Cash Equivalents	0	0	0	274,188
<i>Total Assets</i>	<u>12,210,509</u>	<u>10,931</u>	<u>12,221,440</u>	<u>274,188</u>
NET POSITION:				
Restricted for Debt Service	20,367	0	20,367	0
Restricted for Capital Outlay	176,918	0	176,918	0
Restricted for ACBDD	2,903,180	0	2,903,180	0
Restricted for Motor Vehicle Gas Tax	825,799	0	825,799	0
Restricted for Job and Family Services	712,288	0	712,288	0
Restricted for Ambulance and EMS	1,229,013	0	1,229,013	0
Restricted for Real Estate Assessment	961,156	0	961,156	0
Restricted for Ohio Transportation Project	261,133	0	261,133	0
Restricted for Child Support Enforcement	383,730	0	383,730	0
Restricted for Probation Services	189,655	0	189,655	0
Restricted for Energy Efficiency Upgrade	951,716	0	951,716	0
Restricted for FEMA Projects	318,849	0	318,849	0
Restricted for Other Purposes	1,956,375	0	1,956,375	0
Unrestricted	1,320,330	10,931	1,331,261	274,188
<i>Total Net Position</i>	<u>\$12,210,509</u>	<u>\$10,931</u>	<u>\$12,221,440</u>	<u>\$274,188</u>

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

Adams County, Ohio
Statement of Activities - Cash Basis
For the Year Ended December 31, 2012

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position			Component Unit	
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Venture Productions, Inc.
Governmental Activities:								
General Government:								
Legislative and Executive	\$2,650,044	\$484,613	\$285,280	\$0	(\$1,880,151)	\$0	(\$1,880,151)	\$0
Judicial	1,267,650	239,840	81,884	0	(945,926)	0	(945,926)	0
Public Safety	2,979,827	489,982	694,416	0	(1,795,429)	0	(1,795,429)	0
Public Works	6,423,475	628,988	3,603,655	0	(2,190,832)	0	(2,190,832)	0
Health	3,770,772	403,238	2,353,191	0	(1,014,343)	0	(1,014,343)	0
Human Services	6,086,399	675,488	3,630,834	0	(1,780,077)	0	(1,780,077)	0
Other	1,469,152	274,776	76,184	0	(1,118,192)	0	(1,118,192)	0
Capital Outlay	2,974,111	13,473	701,275	3,155,649	896,286	0	896,286	0
Debt Service:								
Principal Retirement	2,779,873	0	0	0	(2,779,873)	0	(2,779,873)	0
Interest and Fiscal Charges	76,661	0	0	0	(76,661)	0	(76,661)	0
Total Governmental Activities	30,477,964	3,210,398	11,426,719	3,155,649	(12,685,198)	0	(12,685,198)	0
Business-Type Activities:								
Airport	7,716	6,730	0	0	0	(986)	(986)	0
Sewer	727	1,320	0	0	0	593	593	0
Total Business-Type Activities	8,443	8,050	0	0	0	(393)	(393)	0
Component Unit:								
Venture Productions, Inc.	246,753	299,245	0	0				52,492
Total Component Unit	246,753	299,245	0	0				52,492
Totals	\$30,733,160	\$3,517,693	\$11,426,719	\$3,155,649				52,492
General Cash Receipts and Transfers								
Property Taxes Levied for:								
General Purposes								
					2,284,973	0	2,284,973	0
Ambulance and EMS								
					1,047,068	0	1,047,068	0
ACBDD								
					796,036	0	796,036	0
Other Purposes								
					1,210,481	0	1,210,481	0
Sales Taxes Levied for General Purposes								
					2,119,889	0	2,119,889	0
Grants and Entitlements Not								
Restricted to Specific Programs								
					1,070,757	0	1,070,757	0
Miscellaneous								
					685,237	0	685,237	1,107
Transfers								
					(5,353)	5,353	0	0
Interest								
					45,623	0	45,623	0
Proceeds from Bonds and Loans								
					4,506,816	0	4,506,816	0
Total General Cash Receipts and Transfers					13,761,527	5,353	13,766,880	1,107
Change in Net Position					1,076,329	4,960	1,081,289	53,599
Net Position Beginning of Year					11,134,180	5,971	11,140,151	220,589
Net Position End of Year					\$12,210,509	\$10,931	\$12,221,440	\$274,188

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

Adams County, Ohio
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
As of December 31, 2012

	General	Ambulance & EMS	ACBDD	Motor Vehicle Gas Tax	Job and Family Services	Sewer Project Barnes-PH II	All Other Governmental Funds	Total Governmental Funds
ASSETS:								
Equity in Pooled Cash, Cash Equivalents, and Investments	\$1,320,330	\$1,229,013	\$2,574,209	\$825,799	\$712,288	\$30,763	\$5,189,136	\$11,881,538
Cash and Cash Equivalents with Fiscal Agents	0	0	328,971	0	0	0	0	328,971
<i>Total Assets</i>	<u>\$1,320,330</u>	<u>\$1,229,013</u>	<u>\$2,903,180</u>	<u>\$825,799</u>	<u>\$712,288</u>	<u>\$30,763</u>	<u>\$5,189,136</u>	<u>\$12,210,509</u>
FUND BALANCES:								
Nonspendable	\$32,426	\$0	\$0	\$0	\$0	\$0	\$0	\$32,426
Restricted	0	1,229,013	2,903,180	825,799	712,288	30,763	5,189,136	10,890,179
Assigned	319,441	0	0	0	0	0	0	319,441
Unassigned	968,463	0	0	0	0	0	0	968,463
<i>Total Fund Balances</i>	<u>\$1,320,330</u>	<u>\$1,229,013</u>	<u>\$2,903,180</u>	<u>\$825,799</u>	<u>\$712,288</u>	<u>\$30,763</u>	<u>\$5,189,136</u>	<u>\$12,210,509</u>

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

Adams County, Ohio
Statement of Cash Receipts, Cash Disbursements and Changes in Cash Basis Fund Balances
 Governmental Funds
 For the Year Ended December 31, 2012

	General	Ambulance & EMS	ACBDD	Motor Vehicle Gas Tax	Job and Family Services	Sewer Project Barnes-PH II	All Other Governmental Funds	Total Governmental Funds
CASH RECEIPTS:								
Taxes	\$4,404,862	\$1,047,068	\$796,036	\$0	\$0	\$0	\$1,210,481	\$7,458,447
Special Assessments	0	0	0	0	0	0	13,473	13,473
Charges for Services	1,257,742	323,179	86,782	0	77,000	0	1,208,069	2,952,772
Licenses and Permits	1,655	0	0	0	0	0	0	1,655
Fines and Forfeitures	149,573	0	0	16,337	0	0	76,588	242,498
Intergovernmental	1,070,757	211,690	1,036,575	3,502,273	2,634,057	1,466,990	5,730,783	15,653,125
Interest	45,356	0	153	0	0	0	114	45,623
Other	345,405	4,883	68,569	40,667	168,605	0	57,108	685,237
<i>Total Cash Receipts</i>	<u>7,275,350</u>	<u>1,586,820</u>	<u>1,988,115</u>	<u>3,559,277</u>	<u>2,879,662</u>	<u>1,466,990</u>	<u>8,296,616</u>	<u>27,052,830</u>
CASH DISBURSEMENTS:								
Current:								
General Government:								
Legislative and Executive	2,199,593	0	0	0	0	0	450,451	2,650,044
Judicial	1,138,357	0	0	0	0	0	129,293	1,267,650
Public Safety	1,883,361	0	0	0	0	0	1,096,466	2,979,827
Public Works	142,178	0	0	4,258,651	0	0	2,022,646	6,423,475
Health	55,139	1,542,693	2,107,538	0	0	0	65,402	3,770,772
Human Services	353,398	0	0	0	2,683,084	0	3,049,917	6,086,399
Other	1,318,965	14,988	11,411	0	0	0	123,788	1,469,152
Capital Outlay	0	0	0	0	0	1,915,273	1,058,838	2,974,111
Debt Service:						0		
Principal Retirement	0	0	0	81,893	0	1,466,990	1,230,990	2,779,873
Interest and Fiscal Charges	0	0	0	8,889	0	0	67,772	76,661
<i>Total Cash Disbursements</i>	<u>7,090,991</u>	<u>1,557,681</u>	<u>2,118,949</u>	<u>4,349,433</u>	<u>2,683,084</u>	<u>3,382,263</u>	<u>9,295,563</u>	<u>30,477,964</u>
<i>Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements</i>	<u>184,359</u>	<u>29,139</u>	<u>(130,834)</u>	<u>(790,156)</u>	<u>196,578</u>	<u>(1,915,273)</u>	<u>(998,947)</u>	<u>(3,425,134)</u>
OTHER FINANCING SOURCES (USES):								
Proceeds from Bonds and Loans	0	0	0	0	0	1,945,536	2,561,280	4,506,816
Transfers In	0	0	0	0	0	500	148,029	148,529
Advances In	369,492	0	0	0	0	0	374,689	744,181
Transfers Out	(63,678)	0	0	0	(55,836)	0	(34,368)	(153,882)
Advances Out	(374,689)	0	0	0	0	0	(369,492)	(744,181)
<i>Total Other Financing Sources (Uses)</i>	<u>(68,875)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(55,836)</u>	<u>1,946,036</u>	<u>2,680,138</u>	<u>4,501,463</u>
<i>Net Change in Fund Cash Balances</i>	<u>115,484</u>	<u>29,139</u>	<u>(130,834)</u>	<u>(790,156)</u>	<u>140,742</u>	<u>30,763</u>	<u>1,681,191</u>	<u>1,076,329</u>
<i>Fund Cash Balances at Beginning of Year</i>	<u>1,204,846</u>	<u>1,199,874</u>	<u>3,034,014</u>	<u>1,615,955</u>	<u>571,546</u>	<u>0</u>	<u>3,507,945</u>	<u>11,134,180</u>
<i>Fund Cash Balances at End of Year</i>	<u>\$1,320,330</u>	<u>\$1,229,013</u>	<u>\$2,903,180</u>	<u>\$825,799</u>	<u>\$712,288</u>	<u>\$30,763</u>	<u>\$5,189,136</u>	<u>\$12,210,509</u>

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

Adams County, Ohio
*Statement of Receipts, Disbursements,
and Changes in Fund Balance - Budget and Actual (Budgetary Basis)
For the Year Ended December 31, 2012*

	General Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
RECEIPTS:				
Taxes	\$3,754,795	\$4,183,926	\$4,404,862	\$220,936
Charges for Services	925,099	1,030,827	1,085,261	54,434
Licenses and Permits	1,411	1,572	1,655	83
Fines and Forfeitures	127,499	142,071	149,573	7,502
Intergovernmental	912,735	1,017,051	1,070,757	53,706
Other	329,056	366,663	386,025	19,362
<i>Total Receipts</i>	<u>6,050,595</u>	<u>6,742,110</u>	<u>7,098,133</u>	<u>356,023</u>
DISBURSEMENTS:				
Current:				
General Government:				
Legislative and Executive	2,203,385	2,174,015	2,086,395	87,620
Judicial	1,232,920	1,242,025	1,184,783	57,242
Public Safety	1,862,616	1,948,517	1,918,971	29,546
Public Works	76,315	214,810	179,890	34,920
Health	59,473	64,287	65,728	(1,441)
Human Services	391,347	391,347	379,459	11,888
Other	1,328,439	1,380,520	1,318,618	61,902
<i>Total Disbursements</i>	<u>7,154,495</u>	<u>7,415,521</u>	<u>7,133,844</u>	<u>281,677</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	<u>(1,103,900)</u>	<u>(673,411)</u>	<u>(35,711)</u>	<u>637,700</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	6,052	6,744	7,100	356
Transfers Out	(75,450)	(65,506)	(65,408)	98
Advances In	318,353	354,738	373,470	18,732
Advances Out	0	0	(386,667)	(386,667)
<i>Total Other Financing Sources (Uses)</i>	<u>248,955</u>	<u>295,976</u>	<u>(71,505)</u>	<u>(367,481)</u>
<i>Excess of Receipts and Other Financing Sources over (under) Disbursements and Other Financing Uses</i>	<u>(854,945)</u>	<u>(377,435)</u>	<u>(107,216)</u>	<u>270,219</u>
<i>Fund Balance at Beginning of Year</i>	909,138	909,138	909,138	0
<i>Prior Year Encumbrances Appropriated</i>	<u>155,546</u>	<u>155,546</u>	<u>155,546</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$209,739</u></u>	<u><u>\$687,249</u></u>	<u><u>\$957,468</u></u>	<u><u>\$270,219</u></u>

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

Adams County, Ohio
*Statement of Receipts, Disbursements,
and Changes in Fund Balance - Budget and Actual (Budgetary Basis)
For the Year Ended December 31, 2012*

	Ambulance & EMS			Variance with Final Budget
	Original Budget	Final Budget	Actual	
RECEIPTS:				
Taxes	\$1,011,225	\$1,047,046	\$1,047,068	\$22
Charges for Services	316,832	323,179	323,179	0
Intergovernmental	204,443	211,685	211,690	5
Other	0	4,876	4,883	7
<i>Total Receipts</i>	<u>1,532,500</u>	<u>1,586,786</u>	<u>1,586,820</u>	<u>34</u>
DISBURSEMENTS:				
Current:				
Health	<u>1,916,443</u>	<u>1,955,007</u>	<u>1,615,348</u>	<u>339,659</u>
<i>Total Disbursements</i>	<u>1,916,443</u>	<u>1,955,007</u>	<u>1,615,348</u>	<u>339,659</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	<u>(383,943)</u>	<u>(368,221)</u>	<u>(28,528)</u>	<u>339,693</u>
<i>Fund Balance at Beginning of Year</i>	1,104,936	1,104,936	1,104,936	0
<i>Prior Year Encumbrances Appropriated</i>	<u>94,938</u>	<u>94,938</u>	<u>94,938</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$815,931</u></u>	<u><u>\$831,653</u></u>	<u><u>\$1,171,346</u></u>	<u><u>\$339,693</u></u>

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

Adams County, Ohio
*Statement of Receipts, Disbursements,
and Changes in Fund Balance - Budget and Actual (Budgetary Basis)
For the Year Ended December 31, 2012*

	ACBDD Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
RECEIPTS:				
Taxes	\$697,058	\$796,018	\$796,036	\$18
Charges for Services	75,992	86,780	86,782	2
Intergovernmental	891,237	1,017,764	1,036,575	18,811
Interest	0	0	153	153
Other	63,580	32,637	68,569	35,932
<i>Total Receipts</i>	<u>1,727,867</u>	<u>1,933,199</u>	<u>1,988,115</u>	<u>54,916</u>
DISBURSEMENTS:				
Current:				
Health	3,142,866	3,142,866	2,230,832	912,034
<i>Total Disbursements</i>	<u>3,142,866</u>	<u>3,142,866</u>	<u>2,230,832</u>	<u>912,034</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	<u>(1,414,999)</u>	<u>(1,209,667)</u>	<u>(242,717)</u>	<u>966,950</u>
<i>Fund Balance at Beginning of Year</i>	2,977,481	2,977,481	2,977,481	0
<i>Prior Year Encumbrances Appropriated</i>	56,533	56,533	56,533	0
<i>Fund Balance at End of Year</i>	<u>\$1,619,015</u>	<u>\$1,824,347</u>	<u>\$2,791,297</u>	<u>\$966,950</u>

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

Adams County, Ohio
*Statement of Receipts, Disbursements,
and Changes in Fund Balance - Budget and Actual (Budgetary Basis)
For the Year Ended December 31, 2012*

	Motor Vehicle Gas Tax Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
RECEIPTS:				
Fines and Forfeitures	\$16,157	\$16,337	\$16,337	\$0
Intergovernmental	3,463,619	3,502,258	3,502,273	15
Other	40,218	40,667	40,667	0
<i>Total Receipts</i>	<u>3,519,994</u>	<u>3,559,262</u>	<u>3,559,277</u>	<u>15</u>
DISBURSEMENTS:				
Current:				
Public Works	3,398,062	4,680,438	3,824,027	856,411
Debt Service:				
Principal Retirement	99,000	99,000	81,893	17,107
Interest and Fiscal Charges	2,938	2,938	8,889	(5,951)
<i>Total Disbursements</i>	<u>3,500,000</u>	<u>4,782,376</u>	<u>3,914,809</u>	<u>867,567</u>
<i>Excess of Receipts over (under) Disbursements</i>	19,994	(1,223,114)	(355,532)	867,582
<i>Fund Balance at Beginning of Year</i>	1,356,340	1,356,340	1,356,340	0
<i>Prior Year Encumbrances Appropriated</i>	<u>259,615</u>	<u>259,615</u>	<u>259,615</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$1,635,949</u></u>	<u><u>\$392,841</u></u>	<u><u>\$1,260,423</u></u>	<u><u>\$867,582</u></u>

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

Adams County, Ohio
*Statement of Receipts, Disbursements,
and Changes in Fund Balance - Budget and Actual (Budgetary Basis)
For the Year Ended December 31, 2012*

	Job and Family Services Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
RECEIPTS:				
Charges for Services	\$52,537	\$76,894	\$77,000	\$106
Intergovernmental	1,797,223	2,630,426	2,634,057	3,631
Other	115,040	168,372	168,605	233
<i>Total Receipts</i>	<u>1,964,800</u>	<u>2,875,692</u>	<u>2,879,662</u>	<u>3,970</u>
DISBURSEMENTS:				
Current:				
Human Services	2,429,515	2,997,262	2,854,781	142,481
<i>Total Disbursements</i>	<u>2,429,515</u>	<u>2,997,262</u>	<u>2,854,781</u>	<u>142,481</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	<u>(464,715)</u>	<u>(121,570)</u>	<u>24,881</u>	<u>146,451</u>
OTHER FINANCING SOURCES (USES):				
Transfers Out	0	0	(55,836)	(55,836)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>(55,836)</u>	<u>(55,836)</u>
<i>Excess of Receipts and Other Financing Sources over (under) Disbursements and Other Financing Uses</i>	(464,715)	(121,570)	(30,955)	90,615
<i>Fund Balance at Beginning of Year</i>	491,656	491,656	491,656	0
<i>Prior Year Encumbrances Appropriated</i>	79,890	79,890	79,890	0
<i>Fund Balance at End of Year</i>	<u>\$106,831</u>	<u>\$449,976</u>	<u>\$540,591</u>	<u>\$90,615</u>

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

Adams County, Ohio
Statement of Cash Basis Assets and Net Position
Proprietary Funds
As of December 31, 2012

	<u>Enterprise Funds</u>
ASSETS:	
Equity in Pooled Cash, Cash Equivalents, and Investments	<u>\$10,931</u>
NET POSITION:	
Unrestricted	<u>\$10,931</u>

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

Adams County, Ohio
*Statement of Cash Receipts, Cash Disbursements and
 Changes in Cash Basis Net Position
 Proprietary Funds
 For the Year Ended December 31, 2012*

	Enterprise Funds
OPERATING CASH RECEIPTS:	
Charges for Services	\$8,050
<i>Total Operating Cash Receipts</i>	8,050
OPERATING CASH DISBURSEMENTS:	
Contractual Services	727
Materials and Supplies	7,716
<i>Total Operating Cash Disbursements</i>	8,443
<i>Operating Cash Receipts Over (Under) Operating Cash Disbursements</i>	(393)
TRANSFERS:	
Transfers In	5,353
<i>Total Transfers</i>	5,353
<i>Changes in Net Cash Position</i>	4,960
<i>Net Cash Position at Beginning of Year</i>	5,971
<i>Net Cash Position at End of Year</i>	\$10,931

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

Adams County, Ohio
Statement of Fiduciary Net Position
Agency Funds
As of December 31, 2012

	<u>Agency Funds</u>
ASSETS:	
Equity in Pooled Cash, Cash Equivalents, and Investments	\$1,925,936
Cash and Cash Equivalents in Segregated Accounts	<u>313,758</u>
<i>Total Assets</i>	<u>2,239,694</u>
NET POSITION:	
Held on Behalf of Others	<u>2,239,694</u>
<i>Total Net Position</i>	<u><u>\$2,239,694</u></u>

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

NOTE 1 - DESCRIPTION OF THE COUNTY AND REPORTING ENTITY

Adams County, Ohio (the County), is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The County operates under the direction of a three-member elected Board of County Commissioners. The County Auditor and County Treasurer are responsible for fiscal control of the resources of the County which are maintained in the funds described below. Services provided by the County include: general government, public safety, public works, health, and human services.

Reporting Entity

The County utilizes the standards of Governmental Accounting Standards Board Statement No. 14 for determining the 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 the County, this includes the Board of Developmental Disabilities and all departments and activities that are directly operated by the elected County officials.

Adams County Hospital (the Hospital) operates under Ohio Revised Code Section 339. The Hospital is served by a board of trustees appointed by the Adams County Commissioners and Adams County judges. The Hospital is not considered legally separate from the County. The Hospital prepares its financial statements in accordance with a basis of accounting which is different from that used by the County, and consequently, the Hospital's financial activity is not presented on the County's basic financial statements. Separately-issued financial statements can be obtained from Adams County Hospital, 230 Medical Center Drive, Seaman, Ohio 45679.

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 also include organizations that are fiscally dependent on the County in that the County approves the organization's budget, the issuance of its debt, or levying of its taxes.

As the custodian of public funds, the County Treasurer invests all public monies on deposit in the County Treasury. In the case of separate agencies, boards, and commissions listed below, the County serves as fiscal agent, but is not financially accountable for their operations. Accordingly, the activity of the following districts and agencies is presented as agency funds within the County's financial statements: Soil and Water Conservation District, Adams County Health District, and Family and Children First Council.

The component unit column on the financial statements identifies the financial data of Venture Productions, Inc. The component unit is reported separately to emphasize that it is legally separate from the County. Information about Venture Productions, Inc. is presented with the County's disclosures.

Venture Productions, Inc. is a legally separate, not-for-profit corporation, served by a board of trustees appointed by the Adams County Board of Developmental Disabilities (ACBDD). The workshop, under contractual agreement with the Adams County Board of Developmental Disabilities, provides sheltered employment for mentally and/or physically handicapped adults in Adams County. The Adams County Board of Developmental Disabilities provides the workshop with staff salaries, transportation, equipment, staff to administer and supervise training programs, and other funds necessary for the operation of the workshop. Based on the significant services and resources provided by the County to the workshop and the workshop's sole purpose of providing assistance to the mentally and/or physically handicapped adults of Adams County, the workshop is considered a component unit of Adams County. Venture Productions, Inc.'s financial activity is included as part of this report. Separately issued financial statements can be obtained from Venture Productions, Inc., P.O. Box 86, Seaman, Ohio 45679.

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

Entities for which the County provides services but are not included in this report are the Adams County Educational Service Center, Agricultural Society, and the Historical Society.

Adams County has several County departments that maintain segregated bank accounts for funds held in a custodial capacity. Elected or appointed departmental officials are responsible for the financial records. The County Auditor does not have any operating control over these monies. The financial activity related to these accounts is reported in the accompanying financial statements as agency funds.

The County is a member of the Southern Ohio Council of Governments, a jointly governed organization which is described in Note 10 to the basic financial statements.

Management believes the financial statements included in this report represent all of the funds for which the County is financially accountable.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash Deposits

The County Treasurer invests all available funds of the County. County funds are invested in checking accounts with local commercial banks. The County pools its cash for investment purposes to capture the highest rate of return.

Fund Accounting

The County's accounts are maintained on the basis of funds, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific County functions or activities. The operation of each fund is accounted for within a separate self-balancing set of accounts.

Governmental Funds

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

General Fund

This fund is the general operating fund of the County and is used to account for all financial resources not accounted for or reported in another fund. The General Fund is available to the County for any purpose provided it is expended or transferred according to the general laws of Ohio.

Ambulance and EMS Special Revenue Fund

This fund is used to provide ambulance and EMS services to the community of Adams County. The primary sources of revenues are monies received from various federal and state grants and a property tax levy.

ACBDD Special Revenue Fund

This fund is used to provide assistance and training to mentally retarded and developmentally disabled individuals. The primary sources of revenues are various federal and state grants and a property tax levy.

Motor Vehicle Gas Tax Special Revenue Fund

This fund is used for maintenance and repair of roads and bridges. The primary sources of revenues are monies received from state gasoline tax and motor vehicle registration fees designated

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Job and Family Services Special Revenue Fund

This fund is used to provide public assistance to general relief recipients, pay their providers of medical assistance, and for certain public social services. The primary sources of revenue are various federal and state grants as well as transfers from the General Fund

Sewer Project Barnes – Phase II Capital Projects Fund

This fund is used to account for the revenue and expenditures incurred for the capital renovation of the Barnes Sewer project. The primary sources of revenue are grants as well as proceeds from loans.

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.

Proprietary Funds

The proprietary funds are used to account for the County's ongoing activities which are similar to those found in the private sector. Enterprise funds are the County's only proprietary fund type.

Enterprise Funds

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing services to the general public on a continuing basis be financed or recovered through user charges. Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the fund. For the County, enterprise funds are the Sewer Fund, which is used to account for the activities related to wastewater treatment in the County, and the Airport Fuel Fund, which is used to account for fuel purchases and sales for the airport.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. 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.

Agency Funds

Agency funds are custodial in nature (assets equal net position) and do not involve measurement of results of operations. In accordance with GASB 34, fiduciary funds are not included in the government-wide statements. The County's agency funds account for assets held for political subdivisions in which the County acts as fiscal agent and for taxes, state-levied shared revenues, and fines and forfeitures that have been collected and which will be distributed to other political subdivisions.

Basis of Presentation

For 2012, the County has continued to follow 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. Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting.

Following are the more significant of the County's accounting policies. The County's basic financial statements consist of government-wide statements, including a statement of net cash position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide Financial Statements

The Statement of Net Position-Cash Basis and the Statement of Activities-Cash Basis display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The Statement of Net Position-Cash Basis presents the cash basis financial condition of governmental and business-type 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 and business-type activities. Direct cash disbursements are those that are specifically associated with a service, program or department and 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 business segment or governmental function is self-financing or draws from the general cash receipts of the County.

The government-wide financial statements also display information regarding one of the legally separate entities or component units, for which the County is fiscally responsible. This component unit is Venture Productions, Inc. and is described further in Note 1 to the financial statements.

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.

Fund Balances

Fund balance is divided into five classifications based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable The nonspendable fund balance classification includes amounts that cannot be spent because they are not in the spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

Restricted Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the County Commissioners. Those committed amounts cannot be used for any other purpose unless the County Commissioners removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assigned Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed.

In the General Fund, assigned amounts represent intended uses established by policies of the County Commissioners.

Unassigned Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The County applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Basis of Accounting

Although required by Ohio Administrative Code Section 117-2-03(B) to prepare its annual 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 standards established by the Auditor of State for governmental entities that are not required to prepare annual financial reports in accordance with generally accepted accounting principles. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. 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 the cash basis of accounting.

For comparability purposes, Venture Productions, Inc.'s financial information has been presented on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP).

Cash Receipts – Exchange and Non-exchange Transactions

Cash receipts resulting from exchange transactions, in which each party gives and receives essentially equal value, are 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.

Non-exchange transactions, in which the County receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the cash basis, receipts from property taxes are recognized in the year in which the taxes are received. Receipts from grants, entitlements and donations are recognized in the year in which the monies have been received.

Cash Disbursements

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Process

Budget

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

Estimated Resources

The County Budget Commission certifies its actions to the County by September 1. As part of this certification, the County receives the official certificate of estimated resources that states the projected receipts of each fund. On or about January 1, this certificate is amended to include any unencumbered balances from the preceding year. Prior to December 31, the County must revise its budget so that the total contemplated disbursements from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. Budgeted receipts as shown in the accompanying financial statements do not include January 1 unencumbered fund balances. However, those fund balances are available for appropriations. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts in the amended certificate of estimated resources in effect at the time the final appropriations were passed.

Appropriations

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources. Advances are not appropriated.

The allocation of appropriations among departments and objects within a fund may be modified during the year only by a resolution of the County Commissioners. Several supplemental appropriation resolutions were legally enacted by the County Commissioners during the year. The amounts reported as the original budgeted amounts reflect the original budget approved by the County Commissioners.

The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the County Commissioners during the year.

Encumbrances

The County is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the disbursement of funds are recorded in order to reserve the portion of the applicable appropriation. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be re-appropriated.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents and Investments

Cash and cash equivalents and investments consist of the total of fund cash balances of all funds as of December 31, 2012. To improve cash management, cash received by the County is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. County funds are maintained in several checking accounts as well as invested in certificates of deposit with terms of eleven to fifteen months.

Individual fund balance integrity is maintained through the County's records. Balances of all funds are maintained in these accounts or are temporarily used to purchase certificates of deposit or investments. All interest receipts are reported in the General Fund except those specifically related to those funds deemed appropriate according to state statutes, grant requirements or debt related restrictions. For 2012, interest receipts credited to the General Fund, ACBDD Fund and Probation Services Nonmajor Special Revenue Fund were \$45,356, \$153, and \$114, respectively.

Capital Assets and Depreciation

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 financial statements.

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.

Long-Term Debt Obligations and Short-Term Debt Obligations

In general, bonds, long-term loans, capital leases, and short-term debt obligations are recorded as cash disbursements in the basic financial statements when paid.

Net Position – Cash Basis

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

Of the County's \$10,890,179 of restricted net position, none is restricted by enabling legislation.

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. The County reports advances-in and advances-out for interfund loans. In the government-wide financial statements transfers and advances within governmental activities or within business-type activities are eliminated.

NOTE 3 – DEPOSITS AND INVESTMENTS

A. Primary Government

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 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 monies may be deposited or invested in the following securities:

- A. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
- B. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the 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;
- C. 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;
- D. Bonds and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
- E. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
- F. No-load money market mutual funds consisting exclusively of obligations described in division (A) or (B) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
- G. The State Treasurer's investment pool (STAR Ohio);
- H. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in division (A) or (B) or cash or both securities and cash, equal value for equal value;
- I. High grade commercial paper in an amount not to exceed five percent of the County's total average portfolio;
- J. Bankers' acceptance and commercial paper notes for a period not to exceed two hundred and seventy days and in an amount not to exceed ten percent of the County's total average portfolio; and
- K. Under limited circumstances, corporate debt interests rated in any of the three highest rating classifications by at least two nationally recognized rating agencies.

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 monies deposited with the institution.

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

A. Primary Government (Continued)

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

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

Cash on Hand: At year-end, the County had \$3,000 in undeposited cash on hand which is included as part of net position.

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.

The Count's bank balance of \$14,583,537 is either covered by FDIC or collateralized by the financial institutions' public entity deposit pools in the manner as described above.

\$328,971 was on hand with the Southern Ohio Council of Governments (the "Council"), as described in Note 10 to the financial statements. The Council, as fiscal agent, is responsible for obtaining adequate collateral for this money.

B. Component Unit – Venture Productions, Inc.

At year-end, the carrying amount of Venture Productions, Inc.'s deposits was \$274,188 and the bank balance was \$275,295. The total bank balance consists of a checking and a savings account and was covered by federal deposit insurance.

NOTE 4- BUDGETARY BASIS FUND BALANCES

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balances – Budget and Actual – Budgetary Basis presented for the General Fund, Ambulance & EMS Fund, ACBDD Fund, Motor Vehicle Gasoline Fund, and Job and Family Services Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the cash basis are outstanding year end encumbrances which are treated as cash disbursements (budgetary basis) rather than as a restriction, commitment or assignment of fund balance (cash basis). As part of the Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", certain funds that were previously reported as an Agency or Special Revenue Fund are considered part of the General Fund on a cash basis. These include the Unclaimed Monies Fund, Certificate of Title Fund, and Public Defender Fund. These funds were excluded from the budgetary presentation for the General Fund.

NOTE 5 – TAXES

PERMISSIVE SALES AND USE TAX

The County Commissioners, by resolution, imposed a 1 percent tax on all retail sales made in the County, except sales of motor vehicles, and on the storage, use, or consumption of tangible personal property in the County, including motor vehicles, not subject to the sales tax. In addition, the voters have authorized an additional 0.5 percent tax. The allocation of the sales tax is 1 percent to the County's General Fund and 0.5 percent for Adams County Hospital. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies the amount of the tax to be returned to the County to the State Auditor. 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.

PROPERTY TAX

Property taxes include amounts levied against all real and public utility property located in the County. Property tax receipts received during 2012 for real and public utility property taxes represent collection of 2011 taxes. Property tax payments received during 2012 for tangible personal property (other than public utility property) are for 2011 taxes.

2012 real property taxes are levied after October 1, 2012 on the assessed value as of January 1, 2012, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2012 real property taxes are intended to finance 2013.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility property is assessed at 35 percent of true value. 2012 public utility property taxes became a lien December 31, 2011, are levied after October 1, 2012, and are collected in 2013 with real property taxes.

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 proceeding 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 2012 was \$600,477,580 of which real property represented 64 percent (\$382,417,660) of the total and public utility property represented 36 percent (\$218,059,920) of the total. The full tax rate for all County operations for taxes collected in 2012 was \$10.56 per \$1,000 of assessed valuation.

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

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

NOTE 6 - 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.

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

NOTE 6 - RISK MANAGEMENT (Continued)

Each member county has one vote, on all matters requiring a vote, to be cast by a designated representative. The affairs of CORSA are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any time.

Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the board of trustees. CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payment of the certificates.

Insurance coverage stayed the same as in the prior year. Settled claims during 2012 did not exceed commercial insurance coverage. Settlement amounts on claims have not exceeded insurance coverage in any of the past three years.

The Pool's audited financial statements conform with generally accepted accounting principles and reported the following assets, liabilities, and equity at April 30:

	2012	2011
Assets	\$92,616,620	\$84,670,202
Liabilities	34,719,248	34,405,148
Net Assets	\$57,897,372	\$50,265,054

NOTE 7 - RETIREMENT SYSTEMS

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, 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 visiting <https://www.opers.org/investments/carf.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling 614-222-5601 or 800-222-7377.
- E. The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2012, member and employer contribution rates were consistent across all three plans. While members in state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan.

NOTE 7 - RETIREMENT SYSTEMS (Continued)

The 2012, 2011, and 2010 member contribution rates were 10.0%, 10.0%, and 10.0%, respectively, for members in state and local classifications and 11.5% and 12.10%, 11.0% and 11.6%, and 10.5% and 11.1%, respectively for members in public safety and law enforcement. Effective January 1, 2013, the member contribution rates for public safety and law enforcement members increased to 12.0% and 12.6% respectively.

The 2012, 2011, and 2010 employer contribution rates for members in state and local classifications were 14.0%, 14.0%, and 14.0%, respectively, of covered payroll. For both public safety and law enforcement divisions, the employer contribution rates were 18.10%, 18.10%, and 17.87%, respectively.

The County's contributions to OPERS for the years ended December 31, 2012, 2011, and 2010 were \$1,398,786, \$1,323,767, and \$1,305,164, respectively, which were equal to the required contributions for those years.

Social Security System

Effective July 1, 1991, all employees not otherwise covered by a State Retirement System have an option to choose Social Security or the appropriate state system. As of December 31, 2012, none have elected Social Security.

NOTE 8 - 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 Traditional Pension and the Combined 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 visiting <https://www.opers.org/investments/cafr.shtml>, by writing OPERS, 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 coverage.

NOTE 8 - POSTEMPLOYMENT BENEFITS (Continued)

Employer's contributions are expressed as a percentage of the covered payroll of active members. In 2012, state and local employers contributed at a rate of 14.0% of covered payroll and public safety and law enforcement employers contributed at 18.1%.

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.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. For 2012 and 2011, the employer contributions allocated to the health care for members in the Traditional was 4.0%. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar years 2012 and 2011. 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. Effective January 1, 2013, the portion of employer contributions allocated to healthcare was lowered to 1 percent for both plans, as recommended by the OPERS Actuary. The OPERS Board of Trustees is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

- C. The employer contributions that were used to fund post-employment benefits were \$399,653 for 2012, \$378,219 for 2011, and \$473,899 for 2010, which were equal to the required allocations for each year.
- D. Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

Adams County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 9 - DEBT OBLIGATIONS

Long-Term Debt Obligations:

Under the cash basis of accounting, debt obligations are not reported as a liability in the accompanying basic financial statements. However, information regarding the County's general long-term obligations during 2012 is as follows:

	Beginning Balance 1/1/2012	Additions	Payments	Ending Balance 12/31/2012	Due in One Year
General Obligation Bonds, 1.65% - 3.5%	\$0	\$1,135,000	\$0	\$1,135,000	\$45,000
Special Assessment Bonds, '3.25%	260,054	-	6,139	253,915	6,340
OPWC Loan #CO02H, 0%	70,200	-	5,200	65,000	5,200
OPWC Loan #CO09I, 0%	164,966	-	11,784	153,182	11,784
OPWC Loan #CO15L, 0%	391,500	-	13,500	378,000	13,500
OPWC Loan #CO05M, 0%	356,533	-	12,733	343,800	12,733
OPWC Loan #CO030, 0%	-	176,280	2,938	173,342	5,876
OPWC Loan #CO02P, 0%	-	150,000	-	150,000	-
OWDA Loan #4623, 4.82%	43,105	-	43,105	-	-
OWDA Loan #4981, 1.00%	1,422,242	-	33,498	1,388,744	20,699
OWDA Loan #5956, 0%	-	1,945,536	1,483,800	461,736	-
USDA Police Cruiser Bonds 2009, 4.5%	45,000	-	15,000	30,000	15,000
Gradall XL 4100 III, 4.0%	221,639	-	52,176	169,463	54,287
	<u>\$ 2,975,239</u>	<u>\$ 3,406,816</u>	<u>\$ 1,679,873</u>	<u>\$ 4,702,182</u>	<u>\$ 190,419</u>

Outstanding special assessment bonds in the amount of \$320,163 were issued for the purpose of financing part of the cost of constructing a sanitary sewer line extension in the Peebles area. It is anticipated that the debt will be paid by the benefited property owners and not from the general funds of the County. However, County general funds are pledged for repayment. The bonds are payable over a period of thirty-nine years at 3.25% per annum, maturing June 1, 2039.

During 2005, the County entered into two grant/loan agreements with the Ohio Public Works Commission (OPWC). The first agreement, pertaining to the Pence Road and Church Road Bridge Replacements, included a grant in the amount of \$364,000 and a loan (Loan #CO02H) in the amount of \$104,000 at 0% interest, with semi-annual payments of \$2,600, maturing July 1, 2025. The second agreement, pertaining to the Buck Run Road Bridge Replacement, included a grant in the amount of \$100,000 and a loan (Loan #CO09I) in the amount of \$235,669 for 2005 represented in the amortization schedule at 0% interest, with semi-annual payments of \$5,892, maturing January 1, 2026. The OPWC loans are being repaid from the Motor Vehicle Gas Tax fund.

During 2007, the County entered into a loan agreement (Loan #4623) with the Ohio Water Development Authority (OWDA) for the purpose of obtaining funds in the amount of \$262,065 for the design phase of the wastewater plant improvement project. During 2012, the County paid off the outstanding principal balance with a portion of the proceeds of OWDA Loan #5956.

During 2008, the County entered into a loan agreement (Loan #4981) with OWDA for the purpose of obtaining funds in the amount of \$1,429,833 for phase one of the wastewater plant improvement project. This loan carries an interest rate of 1% and matures on January 1, 2042. This loan is being repaid from the debt service funds.

During 2009, the County entered into a grant/loan agreement with OPWC. The agreement, pertaining to Sproull Bridge Replacement, includes a grant of \$458,200 and a loan (Loan #CO05M) in the amount of \$382,000 at 0% interest. This loan is being paid in semi-annual installments of \$6,367, and matures on January 1, 2039. This loan is being repaid from the Motor Vehicle Gas Tax fund.

Adams County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 9 - DEBT OBLIGATIONS (Continued)

During 2008, the County entered into a grant/loan agreement with OPWC. The agreement, pertaining to the Schools' Access and Sewage Project – Phase I, includes a grant of \$404,800 (CO14L), and a loan (CO15L) in the amount of \$405,000. This loan (CO15L) has a 0.00% interest rate. This loan is being paid back in semi-annual installments of \$6,750 from debt service funds. This loan has a final loan maturity of July 1, 2040.

During 2009, the County Commissioners issued \$75,000 in USDA bonds for the purpose of purchasing police cruisers. The bonds bear interest at 4.5% and mature in 2014. The bonds are being repaid from the Debt Retirement – Cruisers Fund.

During 2010, the County Commissioners entered into a loan agreement with National Bank of Adams County in the amount of \$271,831 to purchase a Gradall XL 4100 III for the Engineer's Office. This loan has a 4.0% interest rate and will mature in 2015. This loan is being repaid from the Motor Vehicle Gas Tax Fund.

During 2011, the County entered into a grant/loan agreement (Loan CO030) with OPWC Issue I Round 25 County, Townships and Village Road Improvements for the purpose of obtaining funds in the amount of \$200,000 for 30 years at 0% with payments of \$6,666.67 annually. The County had received \$176,280 in loan proceeds and had paid \$2,938 in principal as of December 31, 2012. The loan is being repaid from the Motor Vehicle Gas Tax Fund.

During 2012, the County entered into a grant/loan agreement (Grant CO01P) and (Loan CO02P) with OPWC. This agreement pertains to Beasley Fork Road Bridge Replacement, which included a grant in the amount of \$350,000 and a loan in the amount of \$400,000 at 0% interest, with semi-annual payments of \$6,667. The County had drawn \$150,000 in loan proceeds as of December 31, 2012. The first payment is not scheduled until July 1, 2014 and the loan will mature on January 1, 2044. The loan will be repaid from the Motor Vehicle Gas Tax Fund

During 2011, the County entered into a grant/loan agreement with OWDA (#5956) and the American Reinvestment and Recovery Act (ARRA) for the purpose of obtaining \$2,282,938 for the Waste Water Treatment System. During 2012, \$1,466,990 was disbursed and forgiven and an additional \$478,546 was disbursed and the first principal payment of \$16,810 was made by the County in December of 2012. This loan is not complete and therefore no amortization schedule is provided.

During 2012, the County entered into a short term loan of \$1.1 million. Within the same year, the County sold General Obligation Bonds at an interest between 3.75 and 5.25% to repay the short term note. The General Obligation Bonds payments will be made annually at \$45,000 and will mature in 2032. The bonds will be repaid from debt service funds.

At December 31, 2012, the County's overall legal debt margin was \$13,511,940 with an unvoted debt margin of \$6,004,776.

Adams County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 9 - DEBT OBLIGATIONS (Continued)

Amortization of the above long-term debt obligations is as follows:

Special Assessment Bonds				OPWC Loans			
Due In	Principal	Interest	Total	Due In	Principal	Interest	Total
2013	\$6,340	\$8,201	\$14,541	2013	\$49,093	\$0	\$49,093
2014	6,547	7,993	14,540	2014	49,093	0	49,093
2015	6,762	7,779	14,541	2015	49,093	0	49,093
2016	6,984	7,557	14,541	2016	49,093	0	49,093
2017	7,212	7,329	14,541	2017	49,093	0	49,093
2018-2022	39,764	32,939	72,703	2018-2022	245,467	0	245,467
2023-2027	46,722	25,985	72,707	2023-2027	208,889	0	208,889
2028-2032	54,894	17,812	72,706	2028-2032	160,547	0	160,547
2033-2037	64,496	8,209	72,705	2033-2037	160,547	0	160,547
2038-2042	14,194	347	14,541	2038-2042	92,409	0	92,409
Total	<u>\$253,915</u>	<u>\$124,151</u>	<u>\$378,066</u>	Total	<u>\$1,113,324</u>	<u>\$0</u>	<u>\$1,113,324</u>

USDA Bonds				Gradall XL 4100 III			
Due In	Principal	Interest	Total	Due In	Principal	Interest	Total
2013	\$15,000	\$1,350	\$16,350	2013	\$54,287	\$6,779	\$61,066
2014	15,000	675	15,675	2014	56,459	4,607	61,066
2015	0	0	0	2015	58,717	2,349	61,066
Total	<u>\$30,000</u>	<u>\$2,025</u>	<u>\$32,025</u>	Total	<u>\$169,463</u>	<u>\$13,735</u>	<u>\$183,198</u>

General Obligation Bonds				OWDA Loans			
Due In	Principal	Interest	Total	Due In	Principal	Interest	Total
2013	\$45,000	\$28,966	\$73,966	2013	\$20,699	\$6,944	\$27,643
2014	45,000	29,747	74,747	2014	41,709	13,576	55,285
2015	45,000	29,005	74,005	2015	42,127	13,159	55,286
2016	50,000	28,263	78,263	2016	42,550	12,736	55,286
2017	50,000	27,437	77,437	2017	42,976	12,309	55,285
2018-2022	260,000	121,700	381,700	2018-2022	221,430	54,996	276,426
2023-2027	295,000	86,600	381,600	2023-2027	232,753	43,674	276,427
2028-2032	345,000	36,613	381,613	2028-2032	244,656	31,771	276,427
2033-2037	0	0	0	2033-2037	257,168	19,259	276,427
2038-2042	0	0	0	2038-2042	242,676	6,108	248,784
Total	<u>\$1,135,000</u>	<u>\$388,331</u>	<u>\$1,523,331</u>	Total	<u>\$1,388,744</u>	<u>\$214,532</u>	<u>\$1,603,276</u>

NOTE 10 - JOINTLY GOVERNED ORGANIZATIONS

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 fifteen member board with each participating County represented by its Director of its Board of Developmental Disabilities. Member counties include: Adams, Athens, Brown, Clinton, Fayette, Gallia, Highland, Jackson, Lawrence, Meigs, Pickaway, Pike, Ross, Scioto, and Vinton Counties. The Council acts as fiscal agent for the Adams County Board of Developmental Disabilities’ supportive living program monies. The County had a \$328,971 balance on hand with the Council which includes investments at cost. Financial statements can be obtained by writing to the Southern Ohio Council of Governments, VA Medical Center, Building 8, 17273 State Route 104, Chillicothe, Ohio, 45601.

NOTE 11 - PUBLIC ENTITY SHARED RISK POOLS

County Risk Sharing Authority, Inc.

The County Risk Sharing Authority, Inc. (CORSA) is a jointly governed organization among sixty-two counties in Ohio. CORSA was formed as an Ohio not-for-profit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverage provided by CORSA.

Each member county has one vote, on all matters requiring a vote, to be cast by a designated representative. The affairs of CORSA are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the Board of Trustees.

No county may have more than one representative on the Board of Trustees at any time. Each member county’s control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the Board of Trustees.

County Commissioners Association of Ohio Workers’ Compensation Group Rating Plan

The County is participating in a group rating plan for workers’ compensation as established under Section 4123.29 of the Ohio Revised Code. The County Commissioners Association of Ohio Service Corporation (CCAOSC) was established through the County Commissioners Association of Ohio (CCAO) as a group purchasing pool. A group executive committee is responsible for calculating annual rate contributions and rebates, approving the selection of a third party administrator, reviewing and approving proposed third party fees, fees for risk management services and general management fees, determining ongoing eligibility of each participant, and performing any other acts and functions which may be delegated to it by the participating employers. The group executive committee consists of seven members. Two members are the president and treasurer of CCAOSC; the remaining five members are representatives of the participants. These five members are elected for the ensuing year by the participants at the meeting held in the month of December each year. No participant can have more than one member of the group executive committee in any year and each elected member shall be a County Commissioner.

NOTE 12 – HEALTH CARE BENEFITS

The County provides life insurance and accidental death and dismemberment insurance to most employees with Consumer Life through Medical Mutual of Ohio. The County has elected to provide employee medical/surgical benefits and dental benefits through Medical Mutual. The employees share the cost of the monthly premium with the Board of Commissioners. The premium varies with employee depending on the terms of the union contract or personnel policy. Vision insurance is provided to employees by the County through Vision Plus of America.

Adams County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 13 - CONTINGENT LIABILITIES

A. Primary Government

Grants

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

Litigation

The County is not involved in any lawsuits during 2012.

B. Component Unit – Venture Productions, Inc.

As of December 31, 2012, there was no pending litigation against Venture Productions, Inc.

NOTE 14 – INTERFUND TRANSACTIONS

Transfers

	Transfers In	Transfers Out
<i>Major Funds:</i>		
General	\$0	\$63,678
Public Assistance	0	55,836
Sewer Project Barnes-PH II	500	0
Total Major funds	500	119,514
<i>Non-major Special Revenue Funds:</i>		
Debt	34,368	0
CSEA	55,836	0
Dog and Kennel	30,000	0
Total Non-major Special Revenue Funds	120,204	0
<i>Non-major Capital Projects Fund:</i>		
Sewer Line Project – Barnes	28,325	34,368
Total Non-major Capital Project Fund	28,325	34,368
<i>Non-major Enterprise Fund:</i>		
Airport- Fuel Sales	5,353	0
Total Non-major Enterprise Fund	5,353	0
Total All Funds	\$153,882	\$153,882

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 and to provide resources for current operations.

Adams County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 14 – INTERFUND TRANSACTIONS (Continued)

Advances

	Advances In	Advances Out
<i>Major Fund:</i>		
General	\$369,492	\$374,689
<i>Non-major Special Revenue Funds:</i>		
Justice Assistance Grant	34,845	33,639
Traffic Control	3,700	0
Airport Grant	292,986	292,986
VAWA	43,158	42,867
Total Non-major Special Revenue Funds	374,689	369,492
Total All Funds	\$744,181	\$744,181

During the year, the County’s General Fund made advances to other funds in anticipation of intergovernmental grant revenue. Advances to the General Fund are for repayments of advances.

NOTE 15 – COMPLIANCE

The Ohio Administrative Code Section 117-2-03(B) requires the County to prepare its annual financial report in accordance with generally accepted accounting principles. Contrary to this requirement, the County has elected to prepare its annual financial report on a cash basis.

NOTE 16 – ADAMS COUNTY HOSPITAL

The Hospital’s net position decreased approximately \$723,000 and \$6,258,000 in 2011 and 2010 (the most recent information available), respectively. The Hospital had operating income of \$106,458 in 2011 and a loss from operations of \$861,000 in 2010 (the most recent information available).

These factors could be indicative of the Hospital’s inability to continue as a going concern and the separately issued Hospital’s audit opinion of December 31, 2011 (the most recent information available) reflected this going concern issue. Management is considering several alternatives for mitigating these conditions during the next year, including:

- Performing an overhaul of the Hospital’s revenue cycle procedures and implementing a contract management review process
- Increasing volume through aggressive marketing, physician recruitment and exploration of strategic affiliation agreements or joint ventures
- Continuing to reduce unnecessary expenditures and adhere to effective cost management

The Adams County Hospital’s financial statements can be obtained from the chief financial officer at 230 Medical Center Drive, Seaman, Ohio 45679.

Adams County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 17 – CHANGES IN ACCOUNTING PRINCIPLES

For 2012, the County implemented Governmental Accounting Standard Board (GASB) Statement No. 62, “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,” GASB Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.”

GASB Statement No. 62 incorporated into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants’ (AICPA) Committee on Accounting Procedure issued on or before November 30, 1989 which does not conflict with or contradict GASB pronouncements.

GASB Statement No. 63 identifies net position, rather than net assets, as the residual of all other elements presented in a statement of financial position. This change was incorporated in the County’s 2012 financial statements; however, there was no effect on beginning net position.

NOTE 18 – FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on the fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Ambulance & EMS	ACBDD	Motor Vehicle Gas Tax	Job and Family Services	Sewer Project Barnes- Phase II	All Other Governmental Funds	Total Governmental Funds
Nonspendable								
Unclaimed Monies	\$32,426	\$0	\$0	\$0	\$0	\$0	\$0	\$32,426
Restricted for								
Ambulance & EMS	0	1,229,013	0	0	0	0	0	1,229,013
Other Purposes	0	0	0	0	0	0	4,061,458	4,061,458
Motor Vehicle Gas Tax	0	0	0	825,799	0	0	0	825,799
ACBDD	0	0	2,903,180	0	0	0	0	2,903,180
Real Estate Assessment	0	0	0	0	0	0	961,156	961,156
Job and Family Services	0	0	0	0	712,288	0	0	712,288
Capital Improvements	0	0	0	0	0	30,763	146,155	176,918
Debt Services Payments	0	0	0	0	0	0	20,367	20,367
Total Restricted	0	1,229,013	2,903,180	825,799	712,288	30,763	5,189,136	10,890,179
Assigned to								
Other Purposes	319,441	0	0	0	0	0	0	319,441
Unassigned (Deficit)	968,463	0	0	0	0	0	0	968,463
Total Fund Balances	\$1,320,330	\$1,229,013	\$2,903,180	\$825,799	\$712,288	\$30,763	\$5,189,136	\$12,210,509

NOTE 19 – SUBSEQUENT EVENTS

During January 2013, the County entered into contract with Air-Tech Mechanical Services, Inc. in the amount of \$449,000 for the purpose of a HVAC Mechanical project.

NOTE 20 – SHORT TERM LIABILITIES

During 2012, the County obtained a Bond Anticipation Note (BAN) in the amount of \$1.1 million at 2.375% interest. This bond was in anticipation of general obligation bonds for the purpose of making certain heating, cooling and air conditioning improvements to the County Courthouse. After obtaining the general obligation bonds, the County paid the BAN in full.

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ADAMS COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2012

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
<i>Passed Through Ohio Department of Education:</i>			
Child Nutrition Cluster:			
Cash Assistance:			
National School Breakfast Program (See Note B)		10.553	\$2,563
National School Lunch Program (See Note B)		10.555	<u>2,638</u>
Total Nutrition Cluster			5,201
<i>Passed Through Ohio Dept. Job & Family Services</i>			
State Admin. Matching Grants For Supplemental Nutrition Assistance Program	G-1213-11-0001	10.561	<u>261,146</u>
Total Supplemental Nutrition Assistance Program Cluster			261,146
Total U.S. Department of Agriculture			<u>266,347</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
<i>Passed Through Ohio Department of Developmental Disabilities</i>			
Social Services Block Grant	N/A	93.667	20,112
Medicaid Administration Claiming	N/A	93.778	7,295
<i>Passed Through Ohio Department of Job & Family Services</i>			
Medical Assistance Program	G-1213-11-0001	93.778	193,191
Medical Assistance Program-NET	G-1213-11-0001	93.778	211,597
Medical Assistance Program-PRST	G-1213-11-0001	93.778	20
Medical Assistance Program-Child Welfare Related	G-1213-11-0002	93.778	<u>3,685</u>
Total			408,493
Total Medical Assistance Program			415,788
Promoting Safe & Stable Families	5au-12-100-22-002	93.556	21,841
Promoting Safe & Stable Families	G-1213-11-0002	93.556	<u>19,087</u>
Total			40,928
Temporary Assistance for Needy Families	G-1213-11-0001	93.558	1,082,058
Child Support Enforcement	G-1213-11-0001	93.563	453,119
Social Services Block Grant	G-1213-11-0001	93.667	76,608
State Children's Health Insurance Program (SCHIP)	G-1213-11-0001	93.767	11,282
Child Care & Development Cluster			
Child Care & Development Block Grant	G-1213-11-0001	93.575	37,580
Child Care Mandatory & Matching Funds of the Child Care Development Fund	G-1213-11-0001	93.596	<u>-11,805</u>
Child Care & Development Cluster Total			25,775
Child Welfare Services - State Grants	G-1213-11-0002	93.645	<u>43,526</u>
Total			43,526
Foster Care - Maintenance	G-1213-11-0002	93.658	<u>359,688</u>
Total			359,688
Adoption Assistance - Administration	G-1213-11-0002	93.659	<u>137,794</u>
Total			137,794
Chafee Foster Care Independence Program	G-1213-11-0002	93.674	<u>8,309</u>
Total			8,309
<i>Passed Through Ohio Secretary of State</i>			
Voting Access For Individuals with Disabilities - Grants to States		93.617	<u>6,540</u>
Total			6,540
Total U.S. Department of Health and Human Services			<u>2,681,527</u>

(Continued)

ADAMS COUNTY

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
<i>Passed Through Ohio Department of Public Safety - Ohio Emergency Management Agency</i>			
Homeland Security Cluster			
FY11 Emergency Management Performance Grant	EMW -2011-EP-00003-S01	97.042	\$52,406
State Homeland Security Program (SHSP)	2009-SS-T9-0089	97.067	15,477
Total Homeland Security Cluster			67,883
<i>Passed Through Ohio Department of Public Safety - Ohio Emergency Management Agency</i>			
Disaster Grants - Public Assistance	FEMA-4002	97.036	600,401
Total U.S. Department of Homeland Security			668,284
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
<i>Passed Through Ohio Department of Development</i>			
CDBG Cluster			
Community Development Block Grant - CDBG Formula FY10	B-F-10-1AA-1	14.228	62,173
Community Development Block Grant - Formula FY11	B-F-11-1AA-1	14.228	86,377
Community Development Block Grant - FY10	B-C-10-1AA1	14.228	163,719
Total Community Development Block Grant Cluster			312,269
Home Investment Partnerships Program	B-C-10-1AA-2	14.239	169,795
Total U.S. Department of Housing and Urban Development			482,064
<u>U.S. ELECTION ASSISTANCE COMMISSION</u>			
<i>Passed Through Ohio Secretary of State</i>			
Help America Vote Act Requirements Payments	N/A	90.401	1,937
Total U.S. Election Assistance Commission			1,937
<u>U.S. DEPARTMENT OF EDUCATION</u>			
<i>Passed Through Ohio Department of Health:</i>			
Special Education Grants for Infants and Families w/Disabilities	01-1-002-1-HG-03-12	84.181	40,188
Total U.S. Department of Education			40,188
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
<i>Passed Through Federal Aviation Administration</i>			
Direct from the Federal Government			
Federal Aviation Administration-Airport Improvement Program	3-39-0112-0811	20.106	366,013
<i>Passed Through Ohio Department of Transportation</i>			
Ohio Coordination Program	CRD 0001-005011/007121	20.513	22,687
Highway Planning and Construction - Bridge Repair	PID89330	20.205	24,484
Total U.S. Department of Transportation			413,184
<u>U.S. DEPARTMENT OF JUSTICE</u>			
<i>Passed Through Ohio Department of Public Safety - Office of Criminal Justice Services</i>			
2009 JAG Assistance, 2010 Drug Investigation	2009-JG-OPD-3749	16.738	3,289
2007 JAG Assistance Vehicle Purchase	2007-JG-AOV-V9293	16.738	18,000
Edward Byrne Memorial Justice Assistance Grant Program	2011-JG-D01-6875	16.738	24,215
Edward Byrne Memorial Justice Assistance Grant Program	2010-JG-D01-6875	16.738	9,423
Total Edward Byrne Memorial Justice Assist. Grants Cluster			54,927
Violence Against Women Act Grant Programs	2011-WF-VA5-8606	16.588	31,806
Violence Against Women Act Grant Programs	2010-WF-VA5-8606	16.588	10,671
Total Project SAFE			42,477
Total U.S. Department of Justice			97,404
GRAND TOTAL			\$4,650,935

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

ADAMS COUNTY

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED DECEMBER 31, 2012**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

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

The County has a revolving loan fund (RLF) program to provide low-interest loans to businesses to create jobs for low to moderate income persons and also to lend money to eligible persons to rehabilitate homes. The federal Department of Housing and Urban Development (HUD) grants money for these loans to the County, passed through the Ohio Department of Development.

These loans are collateralized by mortgages on the property.

Activity in the CDBG revolving loan fund during 2012 is as follows:

Beginning loans receivable balance as of January 1, 2012	\$48,509
Loans made	0
Loan principal repaid	4,075
Ending loans receivable balance as of December 31, 2012	\$44,434
Cash balance on hand in the revolving loan fund as of December 31, 2012	\$25,260
Administrative costs expended during 2012	19,325

The table above reports gross loans receivable. Of the loans receivable as of December 31, 2012, the County does not estimate the outstanding to be uncollectible.

NOTE D - MATCHING REQUIREMENTS

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

NOTE E – PRIOR YEAR PROGRAM EXPENDITURE ADJUSTMENTS

The Ohio Department of Job and Family Services (ODJFS) sub-awarded to Adams County, Federal funding from the U.S. Department of Health and Human Services. Although these programs were administered at the County level, in January 2012 ODJFS adjusted the County's Child Care Non-Admin expenditures to align them with available funding sources. ODJFS' adjustments were retroactive to the beginning of the grant period (October 1, 2011). Therefore, these January 2012 adjustments affect 2011 calendar-year program expenditures previously reported as follows:

Program	CFDA Number	Pass Through Number	2011 Federal Expenditures Reported	January, 2012 Adjustment Amount	Adjusted 2012 Federal Expenditures Reported
Child Care Non-Admin	93.596	G-1213-11-0001	\$17,576.61	\$11,804.61	\$5,772

F. PRIOR YEAR PROGRAM SETTLEMENT ADJUSTMENTS

During the calendar year, the County Board of Developmental Disabilities received a settlement for the 2007 Cost Report from the Ohio Department of Developmental Disabilities (DODD) for the Medicaid Program (CFDA #93.778) in the amount of \$55,028. The cost report settlement was for settlement of the difference between the statewide payment rate and the rate calculated based upon actual expenditures for Medicaid services. The revenue is not listed on the County’s Schedule of Expenditures of Federal Awards since the underlying expenses occurred in prior reporting periods.

During the calendar year, the County Board of Developmental Disabilities received a refund for eFMAP (ARRA) funds for the Medicaid Program (CFDA #93.778) in the amount of \$282 from the Ohio Department of Developmental Disabilities. This refund was for a correction to the eFMAP percentage for four billing cycles during July and August 2009. This revenue is not listed on the County’s Schedule of Expenditures of Federal Awards since the underlying expenses occurred in prior reporting periods.



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

Adams County
110 West Main Street
West Union, Ohio 45693

To the Board of Commissioners:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate discretely presented component unit and remaining fund information of Adams County (the County) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 23, 2013, wherein we noted the County uses a special purpose framework other than generally accepted accounting principles. We gave an adverse opinion on business type activities and related major enterprise fund because the County's cash basis financial statements do not include amounts related to the Adams County Hospital. We also noted the County adopted the provisions of Governmental Accounting Standards Board Statement No. 62 *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, and No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the County's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the County's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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, opining 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2012-001.

Entity's Response to Findings

The County's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the County's response and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Government's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

September 23, 2013



Dave Yost • Auditor of State

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

Adams County
110 West Main Street
West Union, Ohio 45693

To the Board of Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Adams County, Ohio (the County), compliance with the applicable 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 Adams County's major federal programs for the year ended December 31, 2012. The *Summary of Audit Results* in the accompanying schedule of findings identifies the County's major federal programs.

Management's Responsibility

The County's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the County's compliance for each of the County's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. 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 our audit provides a reasonable basis for our compliance opinion on the County's major programs. However, our audit does not provide a legal determination of the County's compliance.

Basis for Qualified Opinion on Community Development Block Grant

As described in finding 2012-002 in the accompanying schedule of findings, the County did not comply with requirements regarding cash management applicable to its Community Development Block Grant major federal program. Compliance with this requirement is necessary, in our opinion, for the County to comply with requirements applicable to this program.

Qualified Opinion on Community Development Block Grant

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Community Development Block Grant* paragraph, the County complied, in all material respects, with the requirements referred to above that could directly and materially affect its Community Development Block Grant for the year ended December 31, 2012.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, Adams County complied in all material respects with the requirements referred to above that could directly and materially affect each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings for the year ended December 31, 2012.

The County's response to our noncompliance finding is described in the accompanying schedule of findings. We did not audit the County's response and, accordingly, we express no opinion on it.

Report on Internal Control over Compliance

The County's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the County's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the County's internal control over compliance.

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable 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's compliance requirement will not be prevented, or timely detected and corrected. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2012-002 to be a material weakness.

The County's response to our internal control over compliance finding is described in the accompanying schedule of findings. We did not audit the County's response and, accordingly, we express no opinion on it.

This report only describes the scope of our tests of internal control over compliance and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

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

Dave Yost
Auditor of State

Columbus, Ohio

September 23, 2013

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ADAMS COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2012

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Adverse: Business Type Activity and Enterprise Fund opinion units Unmodified: All other opinion units.
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	Yes
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified for all major programs except for CDBG which was qualified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	Yes
(d)(1)(vii)	Major Programs (list):	93.558 TANF 93.778 Medicaid 14.228 CDBG 97.036 FEMA 20.106 FAA
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

FINDING NUMBER 2012-001

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 with accounting principles generally accepted in the United States of America. However, the County prepared its financial statements in accordance with the cash basis of accounting in a report format similar to the requirements of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. This presentation differs from accounting principles generally accepted in the United States of America (GAAP).

The accompanying financial statements and notes omitted 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 for its failure to file the required financial report. We recommend the County prepare its financial statements in accordance with generally accepted accounting principles.

Officials’ Response:

County officials have reviewed the cost of converting to GAAP and have concluded that such conversion would not be financially feasible. Therefore, the county will continue on the OCBOA basis of financial reporting.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Cash Management

Finding Number	2012-002
CFDA Title and Number	14.228 Community Development Block Grants
Federal Award Number / Year	2012
Federal Agency	US Department of Housing and Urban Development
Pass-Through Agency	Ohio Department of Development

**FINDING NUMBER 2012-002
(Continued)**

Noncompliance / Material Weakness

24 CFR 85.21 subsection (c) indicates grantees and subgrantees shall be paid in advance, provided they maintain or demonstrate the willingness and ability to maintain procedures to minimize the time elapsing between the transfer of the funds and their disbursement by the grantee or subgrantee. As provided in subsection (i), except for interest earned on advances of funds exempt under the Intergovernmental Cooperation Act (31 U.S.C. 6501 et seq.) and the Indian Self-Determination Act (23 U.S.C. 450), grantees and subgrantees shall promptly, but at least quarterly, remit interest earned on advances to the Federal agency. The grantee or subgrantee may keep interest amounts up to \$100 per year for administrative expenses.

The State of Ohio Department of Development, Office of Housing and Community Partnership (OHCP) Financial Management Rules and Regulations Handbook, Section (A)(3)(f), requires the grantee to develop a cash management system to ensure compliance with the Fifteen Day Rule relating to prompt disbursement of funds. This rule states that funds drawn down should be limited to amounts that will enable the grantee to disburse the funds on hand to a balance of less than \$5,000 within fifteen days of receipt of any funds. Lump sum draw downs are not permitted.

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

CDBG funds were not expended within 15 days to a fund balance of less than \$5,000 for all drawdowns of CDBG grant funding received during the audit period. Also, The County did not have procedures in place to quarterly monitor whether interest earned on federal funds exceeded \$100 in a year. Interest earned on federal funds exceeding \$100 may be required to be returned to the grantor.

We recommend the grant coordinator develop a cash management system to ensure compliance with the 15-day rule and the monitoring of any interest earned on federal funds.

Official's Response:

Adams County recognizes the letter of recommendation. The funds noted in the finding were drawn down with the intent of dispersing them in a timely manner, to prevent this from happening in the future; we are working with County officials to advance funds from the county general account whenever feasible. In other cases, where the county cannot afford to advance funds, the county will make every attempt to draw down and disperse funds in a timely manner. Adams Count is also going to check with additional counties on their fiscal procedures. The County will make all necessary procedure changes to comply with the code section whenever possible.

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ADAMS COUNTY

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
DECEMBER 31, 2012**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2012-002	Adams County recognizes the letter of recommendation. The funds noted in the finding were drawn down with the intent of dispersing them in a timely manner, to prevent this from happening in the future; we are working with County officials to advance funds from the county general account whenever feasible. In other cases, where the county cannot afford to advance funds, the county will make every attempt to draw down and disperse funds in a timely manner. Adams County is also going to check with additional counties on their fiscal procedures. The County will make all necessary procedure changes to comply with the code section whenever possible.	12/31/13	Holly Johnson, Adams County Economic & Community Development Director

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ADAMS COUNTY

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
DECEMBER 31, 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2011-001	Ohio Admin Code Section 117-2-03(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.	No	Not Corrected. Reissued as 2012-001
2011-002	Ohio Rev. Code Section 5705.41(D) certification of availability of funds.	No	Partially Corrected. Reissued as management letter comment in 2012
2011-003	Finding for Recover Repaid Under Audit	Yes	
2011-004	Ohio Rev. Code Section 135.18, County had uncollateralized monies	Yes	
2011-005	Office of Management and Budget OMB Circular A133 Subpart C Section .310b on completion of federal schedule	No	Partially corrected, reported in management letter in 2012.
2011-006	24 CFR 85.21, cash management rules on CDBG	No	Not Corrected. Reissued as 2012-002

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ADAMS COUNTY FINANCIAL CONDITION

ADAMS 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
OCTOBER 8, 2013