



Dave Yost • Auditor of State

WASHINGTON COUNTY

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Washington County
205 Putnam Street
Marietta, Ohio 45750

To the Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Washington County, Ohio (the County), as of and for the year ended December 31, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of WASCO, Inc., a discretely presented component unit, which represents 88 percent of assets, 85 percent of net assets, and 91 percent of revenues for the discretely presented component units of the County. Other auditors audited those financial statements. They have furnished their report thereon to us and we base our opinion, insofar as it relates to the amounts included for WASCO, Inc., on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. The other auditors audited the financial statements of WASCO, Inc., in accordance with auditing standards generally accepted in the United States of America and not in accordance with Government Auditing Standards. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Washington County, Ohio, as of December 31, 2011, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General Fund, Job and Family Services Fund, Motor Vehicle and Gasoline Tax Fund, Board of Developmental Disabilities Fund, County Home Fund, and Mental Health and Addiction Recovery Board Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 12, 2012, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with Government Auditing Standards. You should read it in conjunction with this report in assessing the results of our audit.

As described in Note 3, the County adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

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

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



Dave Yost
Auditor of State

September 12, 2012

Washington County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
Unaudited

The discussion and analysis of Washington County's financial performance provides an overview of the County's financial activities for the year ended December 31, 2011. The intent of this discussion and analysis is to look at the County's financial performance as a whole. Readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the County's financial performance.

Financial Highlights

Key financial highlights for 2011 are as follows:

- In total, net assets decreased \$973,385. Net assets of governmental activities decreased \$750,620 or .4 percent from 2010. Net assets of the business-type activity decreased \$222,765, which represents a 4.6 percent decrease from 2010.
- At the end of the current year, the County reported unrestricted net assets for governmental activities of \$12,676,139.
- At the end of the current year, the County's governmental funds reported a combined ending fund balance of \$28,715,861, an increase of \$65,537 from the prior year.

Using This Annual Financial Report

This annual report consists of a series of financial statements. These statements are organized so the reader can understand the County as a financial whole or as an entire operating entity.

The *Statement of Net Assets* and the *Statement of Activities* provide information about the activities of the whole County, presenting an aggregate view of the County's finances as well as a longer-term view of those assets. Major fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the County's most significant funds. Non-major funds are presented separately from major funds in total and in one column.

County-Wide Financial Statements

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

While this document contains information about the funds used by the County to provide services to our citizens, the view of the County as a whole looks at all financial transactions and asks the question, "How did we do financially during 2011?" The Statement of Net Assets and the Statement of Activities answer this question.

The statement of net assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. The statement of activities presents information showing how the County's net assets changed during the current year. These statements are prepared using the accrual basis of accounting similar to the accounting method used by private sector companies. This basis of accounting takes into consideration all of the current year's revenues and expenses, regardless of when the cash is received or paid.

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The change in net assets is important because it tells the reader whether, for the County as a whole, the financial position of the County has improved or diminished. However, in evaluating the overall position of the County, nonfinancial information such as changes in the County's tax base and the condition of the County's capital assets will also need to be evaluated.

In the statement of net assets and the statement of activities, the County is divided into three 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, and economic development. These services are funded primarily by taxes and intergovernmental revenues, including federal and state grants and other shared revenues.

Business-Type Activities - These services are provided on a charge for goods or services basis to recover all or most of the cost of the services provided. The County's Sewer system is reported here.

Component Units - The County's financial statements include financial data of the WASCO, Inc. Sheltered Workshop and the Southeastern Ohio Port Authority. These component units are described in the notes to the financial statements. Component units are separate and may buy, sell, lease, and mortgage property in their own name and can sue or be sued in their own name.

Fund Financial Statements

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

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities on the government-wide financial statements. Most of the County's basic services are reported in these funds that focus on how money flows into and out of the funds and the year end balances available for spending. These funds are reported on the modified accrual basis of accounting that measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services being provided, along with the financial resources available.

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

Washington County, Ohio
Management's Discussion and Analysis
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The County maintains a multitude of individual governmental funds. Information is presented separately on the governmental fund balance sheet and on the governmental fund statement of revenues, expenditures, and changes in fund balances for the major funds, which were identified earlier. Data from the other governmental funds are combined into a single, aggregated presentation.

Proprietary Funds - The County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities on the government-wide financial statements. The County uses an enterprise fund to account for the Sewer Fund operations. Internal Service funds are an accounting device used to accumulate and allocate costs internally among the County's other programs and activities. The Self-Insurance Fund accounts for the claims and liabilities relating to the County's workers' compensation program.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected on the government-wide financial statements because the resources from those funds are not available to support the County's programs. The accounting method used for fiduciary funds is much like that used for the proprietary funds.

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

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information relating to the modified approach to reporting infrastructure.

Government-Wide Financial Analysis

Table 1 provides a summary of the County's net assets for 2011 compared to 2010, as restated:

Table 1
Net Assets

	Governmental Activities		Business-Type Activity		Totals	
	2011	2010	2011	2010	2011	2010
Assets						
Current and						
Other Assets	\$45,587,367	\$46,478,771	\$1,238,875	\$1,166,323	\$46,826,242	\$47,645,094
Capital Assets, Net	142,042,191	142,022,040	7,262,567	6,048,256	149,304,758	148,070,296
<i>Totals Assets</i>	<u>187,629,558</u>	<u>188,500,811</u>	<u>8,501,442</u>	<u>7,214,579</u>	<u>196,131,000</u>	<u>195,715,390</u>
Liabilities						
Current and						
Other Liabilities	11,709,244	11,770,274	947,300	702,847	12,656,544	12,473,121
Long-Term Liabilities	5,345,111	5,404,714	2,965,616	1,700,441	8,310,727	7,105,155
<i>Total Liabilities</i>	<u>17,054,355</u>	<u>17,174,988</u>	<u>3,912,916</u>	<u>2,403,288</u>	<u>20,967,271</u>	<u>19,578,276</u>
Net Assets						
Invested in Capital Assets,						
Net of Related Debt	137,458,536	137,326,947	4,297,963	4,348,557	141,756,499	141,675,504
Restricted	20,440,528	23,340,957	0	0	20,440,528	23,340,957
Unrestricted	12,676,139	10,657,919	290,563	462,734	12,966,702	11,120,653
<i>Total Net Assets</i>	<u>\$170,575,203</u>	<u>\$171,325,823</u>	<u>\$4,588,526</u>	<u>\$4,811,291</u>	<u>\$175,163,729</u>	<u>\$176,137,114</u>

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As noted earlier, the County's net assets, when reviewed over time, may serve as a useful indicator of the County's financial position. In the case of the County, assets exceeded liabilities by \$175,163,729 (\$170,575,203 in governmental activities and \$4,588,526 in the business-type activity) as of December 31, 2011. By far, the largest portion of the County's net assets (80.93 percent) reflects its investment in capital assets (e.g., land and improvements, construction in progress, buildings and improvements, machinery and equipment, furniture and fixtures, infrastructure, and vehicles), less any related debt, used to acquire those assets, that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net assets, \$20,440,528 or 11.67 percent, represents resources that are subject to restrictions on how they can be used. The remaining balance of unrestricted net assets, \$12,966,702 or 7.40 percent, is to be used to meet the County's ongoing obligations to citizens and creditors.

Table 2 shows the changes in net assets for 2011 compared to 2010, as restated:

Washington County, Ohio
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Table 2
Changes in Net Assets

	Governmental		Business-Type		Total	
	2011	2010	2011	2010	2011	2010
Revenues						
Program Revenues						
Charges for Services	\$6,208,322	\$5,872,014	\$644,942	\$786,379	\$6,853,264	\$6,658,393
Operating Grants, Contributions, and Interest	24,223,570	26,174,794	178,546	743,920	24,402,116	26,918,714
Capital Grants, Contributions, and Interest	114,850	601,721	0	0	114,850	601,721
<i>Total Program Revenues</i>	<u>30,546,742</u>	<u>32,648,529</u>	<u>823,488</u>	<u>1,530,299</u>	<u>31,370,230</u>	<u>34,178,828</u>
General Revenues						
Property Taxes	8,370,155	8,187,200	0	0	8,370,155	8,187,200
Permissive Sales Taxes	10,535,832	9,809,132	0	0	10,535,832	9,809,132
Intergovernmental	1,553,038	2,136,556	0	0	1,553,038	2,136,556
Interest	637,784	1,160,530	0	0	637,784	1,160,530
Rent	3,643	254,633	0	0	3,643	254,633
Contributions and Donations	0	8,704	0	0	0	8,704
Gain on Sale of Capital Assets	22,761	0	0	700	22,761	700
Miscellaneous	449,168	220,403	5,951	6,842	455,119	227,245
<i>Total General Revenues</i>	<u>21,572,381</u>	<u>21,777,158</u>	<u>5,951</u>	<u>7,542</u>	<u>21,578,332</u>	<u>21,784,700</u>
<i>Total Revenues</i>	<u>52,119,123</u>	<u>54,425,687</u>	<u>829,439</u>	<u>1,537,841</u>	<u>52,948,562</u>	<u>55,963,528</u>
Program Expenses						
General Government:						
Legislative and Executive	6,308,476	5,660,377	0	0	6,308,476	5,660,377
Judicial	2,625,544	2,095,250	0	0	2,625,544	2,095,250
Public Safety	8,287,637	8,557,181	0	0	8,287,637	8,557,181
Public Works	8,560,954	5,701,350	0	0	8,560,954	5,701,350
Health:						
Alcohol, Drug, and Mental Health	5,213,977	5,078,388	0	0	5,213,977	5,078,388
Board of Developmental Disabilities	7,691,684	7,760,724	0	0	7,691,684	7,760,724
County Home	2,876,062	2,586,814	0	0	2,876,062	2,586,814
Other Health	274,081	276,622	0	0	274,081	276,622
Human Services:						
Child Support Enforcement	900,901	888,165	0	0	900,901	888,165
Children Services	2,468,022	2,541,083	0	0	2,468,022	2,541,083
Job and Family Services	4,592,982	5,206,164	0	0	4,592,982	5,206,164
Other Human Services	1,661,477	1,749,949	0	0	1,661,477	1,749,949
Economic Development and Assistance	676,969	590,777	0	0	676,969	590,777
Intergovernmental	501,707	649,353	0	0	501,707	649,353
Interest and Fiscal Charges	229,270	250,360	0	0	229,270	250,360
Sewer	0	0	1,052,204	343,107	1,052,204	343,107
<i>Total Program Expenses</i>	<u>52,869,743</u>	<u>49,592,557</u>	<u>1,052,204</u>	<u>343,107</u>	<u>53,921,947</u>	<u>49,935,664</u>
<i>Net Increase (Decrease) in Net Assets</i>	(750,620)	4,833,130	(222,765)	1,194,734	(973,385)	6,027,864
<i>Net Assets Beginning of Year</i>	171,325,823	166,492,693	4,811,291	3,616,557	176,137,114	170,109,250
<i>Net Assets End of Year</i>	<u>\$170,575,203</u>	<u>\$171,325,823</u>	<u>\$4,588,526</u>	<u>\$4,811,291</u>	<u>\$175,163,729</u>	<u>\$176,137,114</u>

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Management's Discussion and Analysis
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Unaudited

Governmental Activities

The operating grants, contributions and interest category of program revenues were the largest program revenues, accounting for \$24,223,570 or 46.48 percent of total governmental activities revenues. The major recipients of intergovernmental program revenues were the Job and Family Services, Mental Health, Motor Vehicle and Gasoline Tax, Board of Developmental Disabilities, and Children Services governmental activities. This category of program revenues consists of grants, entitlements, interest earned on restricted monies, motor vehicle license taxes, and gasoline excise taxes.

Property tax revenues account for \$8,370,155 or 16.06 percent of total governmental activities revenues. Another major component of governmental activities revenues was permissive sales taxes, which accounted for \$10,535,832 or 20.21 percent of total revenues.

The County's direct charges to users of governmental services made up \$6,208,322 or 11.91 percent of total governmental activities revenues. These charges are for fees associated with the collection of property taxes, fines and forfeitures related to judicial activity, and licenses and permits.

Health programs accounted for \$16,055,804, or 30.37 percent of total expenses for governmental activities. Other major program expenses for governmental activities include human service programs, which accounted for \$9,623,382, or 18.20 percent of total expenses.

Also, public works program expenses increased \$2,859,604 in 2011 from 2010. According to the County Engineer, this is due to more expenses made during 2011 for asphalt paving and bridge rehabilitation as a result of greater than usual grant funding received.

Job and family services expenses decreased by approximately \$613,182. According to the JFS Fiscal Officer, this is due to the continued budget cuts being experienced by JFS agencies throughout Ohio and the State changing the manner of how daycare provider payments are made from the prior method of via local JFS to direct payment from the State.

Business-Type Activity

The net assets for business-type activities decreased \$222,765 during 2011. Charges for services accounted for \$644,942, or 77.76 percent of revenues. Operating grants accounted for \$178,546, or 21.53 percent of revenues.

Sewer enterprise expenses increased \$709,097 from 2010. This increase is a result of continued increased capital for projects funded largely by grants and loans from the OPWC and OWDA.

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

Table 3
 Governmental Activities

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2011	2011	2010	2010
General Government:				
Legislative and Executive	\$6,308,476	\$3,432,584	\$5,660,377	\$3,309,428
Judicial	2,625,544	1,089,055	2,095,250	838,988
Public Safety	8,287,637	6,827,360	8,557,181	6,661,712
Public Works	8,560,954	1,890,801	5,701,350	(678,713)
Health:				
Alcohol, Drug, and Mental Health	5,213,977	1,278,659	5,078,388	(24,977)
Board of Developmental Disabilities	7,691,684	2,514,949	7,760,724	2,252,239
County Home	2,876,062	2,051,720	2,586,814	1,565,543
Other Health	274,081	80,096	276,622	121,057
Human Services:				
Child Support Enforcement	900,901	(205,955)	888,165	(256,002)
Children Services	2,468,022	1,192,674	2,541,083	1,185,136
Job and Family Services	4,592,982	189,178	5,206,164	297,334
Other Human Services	1,661,477	1,308,707	1,749,949	1,352,928
Economic Development and Assistance	676,969	376,506	590,777	(247,791)
Intergovernmental	501,707	67,397	649,353	316,786
Interest and Fiscal Charges	229,270	229,270	250,360	250,360
Total Expenses	\$52,869,743	\$22,323,001	\$49,592,557	\$16,944,028

Charges for services, operating grants, and capital grants of \$30,546,742, or 57.78 percent of the total costs of services, are received and used to fund governmental activities expenses of the County. The remaining \$22,323,001 in governmental activities expenses is funded by property taxes, permissive sales taxes, intergovernmental revenues, interest, rent, and miscellaneous revenues.

The \$5,925,424 in net cost of services for health demonstrates the costs of services that are not supported from state and federal resources. As such, the taxpayers have approved property tax levies for programs including the Board of Developmental Disabilities and the County Home.

Financial Analysis of County Funds

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

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

Washington County, Ohio
Management's Discussion and Analysis
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Unaudited

As of December 31, 2011, the County's governmental funds reported a combined ending fund balance of \$28,715,861, an increase of \$65,537 in comparison with the prior year. Of that total ending fund balance, \$876,148 is nonspendable, \$16,792,434 is restricted, \$277,729 is committed, \$2,611,952 is assigned, and \$8,157,598 is unassigned, as defined in (GASB) Statement No. 54.

The General Fund is the primary operating fund of the County. At the end of 2011, the unassigned fund balance was \$8,157,598, while total fund balance was \$11,129,039. As a measure of the General Fund's liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 50.03 percent to total General Fund expenditures, while total fund balance represents 68.26 percent of that same amount. The County's General Fund balance increased \$1,759,878 during 2011. The primary causes for the increase were conservative revenue estimates being exceeded and under spending from allotted appropriations.

The fund balance of the Job and Family Services Special Revenue Fund increased by \$63,845 during 2011. This increase amount is immaterial when viewed within the context of the annual Fund budget.

The fund balance of the Motor Vehicle and Gasoline Tax Special Revenue Fund decreased by \$1,021,898 during 2011. After consulting with the County Engineer, it was determined that this decrease is due to an increase in program expenditures from 2010 due largely to the fact that nearly \$900,000 in project work was contracted in late 2010 but not performed until 2011.

The fund balance of the Board of Developmental Disabilities Special Revenue Fund increased by \$724,985 during 2011. After consulting with the Board Finance Director, it was determined that this was primarily due to receipts of funds from several unanticipated sources, therefore the funds were not budgeted for expenditure. Also there is a fluctuation from prior years in the timing of certain revenues received and when expenditures were disbursed.

The fund balance of the County Home Special Revenue Fund decreased by \$66,590 during 2011. This decrease is immaterial when viewed within the context of the annual Fund budget.

The fund balance of the Mental Health and Addiction Recovery Board Special Revenue Fund decreased by \$705,157 during 2011. After consulting with the Board Fiscal Manager, it was determined that this decrease is a result of the State changing how and from where certain claims are paid such as the agency no longer processing federal Medicaid reimbursement claims dollars.

As of December 31, 2011, net assets for the County's enterprise fund were \$4,588,526. Of that total, \$290,563 represents unrestricted net assets.

Budgetary Highlights

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

For the General Fund, budget basis revenue was \$18,636,735, above final estimates of \$18,305,736. Final estimated receipts were above original estimates of \$17,263,294, due to a combination of factors, primarily due to an increase of \$285,265 in sales taxes and \$115,879 in intergovernmental revenue. It is interesting to note that final receipts were within 10% of the original estimate even in these volatile economic times. The sales taxes and charges for services that were received during 2011 were above estimates. Actual expenditures for the year were \$17,081,230, under final estimated appropriations of \$18,932,969, of which \$1,083,486 of the actual expenditures under spending versus budgeted were for public safety.

Washington County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
Unaudited

Capital Assets and Debt Administration

Capital Assets - The County's capital assets for governmental and business-type activities as of December 31, 2011, were \$149,304,758 (net of accumulated depreciation). This includes land and improvements, construction in progress, buildings and improvements, machinery and equipment, furniture and fixtures, infrastructure, and vehicles.

For governmental activities, the most significant capital asset additions during 2011 included the addition of server equipment for the County and several new vehicles and equipment for the highway department.

The County uses the modified approach to present county roads and bridges (infrastructure). Disclosures about the condition assessments and maintenance costs regarding the County's infrastructure can be found in the Required Supplementary Information.

Note 9 (Capital Assets) provides capital asset activity during 2011.

Debt Administration - As of December 31, 2011, the County had total bonded debt outstanding of \$4,439,550. All of this debt is expected to be repaid through governmental activities. The County's long-term general obligation bonded debt decreased by \$397,622 (8.22 percent) during 2011. Other outstanding long-term debt included OPWC loans of \$152,807, OWDA Loans of \$2,068,297, FHA loans payable of \$743,500, and capital leases of \$338,842.

In addition, the County's long-term obligations include compensated absences for sick leave benefits. Additional information on the County's long-term obligations can be found in Note 15 of this report.

Economic Factors

The unemployment rate for the County is currently 8.1 percent, which is a decrease from 9.0 percent a year ago. This rate is higher than the State's current rate of 7.6 percent and lower than the current national rate of 8.3 percent. The continued level of unemployment demonstrates that the economic challenges seen nationally and across the State remains in Washington County. Notably, the unemployment level is below the national average and it remains better than many surrounding counties in southeast Ohio.

The County's \$1.1035 billion tax base is a 3.8% increase from the \$1.063 billion value from the prior year. Real property values within the County have risen over the past several years, and are now at an all time high.

The County's permissive sales tax revenues in governmental activities increased from 2010 to 2011 by 5.2% on a cash basis.

Various economic factors were considered in the preparation of the County's 2012 budget and will be considered in the preparation of future budgets. Appropriate measures will continue to be taken to ensure spending is within available resources.

Washington County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
Unaudited

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: William D. McFarland, Washington County Auditor, 205 Putnam Street, Marietta, Ohio 45750.

Washington County, Ohio
Statement of Net Assets
December 31, 2011

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activity	Total	WASCO, Inc.	Southeastern Ohio Port Authority
Assets					
Equity in Pooled Cash and Cash Equivalents	\$26,440,502	\$978,049	\$27,418,551	\$0	\$0
Cash and Cash Equivalents	0	0	0	232,374	61,380
Cash and Cash Equivalents in Segregated Accounts	51,391	0	51,391	0	0
Accounts Receivable	56,989	79,948	136,937	388,458	792
Internal Balances	1,017	(1,017)	0	0	0
Accrued Interest Receivable	2,112	0	2,112	0	0
Intergovernmental Receivable	5,869,248	90,272	5,959,520	0	58,680
Property Taxes Receivable	8,919,137	0	8,919,137	0	0
Sales Taxes Receivable	2,913,418	0	2,913,418	0	0
Loans Receivable	2,076	0	2,076	0	0
Prepaid Items	356,287	233	356,520	19,606	1,147
Materials and Supplies Inventory	460,334	1,153	461,487	12,272	0
Special Assessments Receivable	0	90,237	90,237	0	0
Investments in Segregated Accounts	408,218	0	408,218	0	0
Deferred Charges	106,638	0	106,638	0	0
Non-Depreciable Capital Assets	125,902,227	1,965,139	127,867,366	0	0
Depreciable Capital Assets, Net	16,139,964	5,297,428	21,437,392	211,802	868
<i>Total Assets</i>	187,629,558	8,501,442	196,131,000	864,512	122,867
Liabilities					
Accounts Payable	1,144,967	29,435	1,174,402	56,810	7,231
Contracts Payable	70,947	790,708	861,655	0	0
Accrued Wages Payable	342,416	1,906	344,322	43,722	0
Vacation Benefits Payable	1,141,777	3,024	1,144,801	81,004	0
Intergovernmental Payable	714,505	41,499	756,004	13,528	0
Accrued Interest Payable	17,511	5,619	23,130	0	0
Retainage Payable	6,654	75,109	81,763	0	0
Deferred Revenue	8,270,467	0	8,270,467	0	0
Long-Term Liabilities:					
Due Within One Year	488,185	57,017	545,202	7,332	0
Due In More Than One Year	4,856,926	2,908,599	7,765,525	12,458	0
<i>Total Liabilities</i>	17,054,355	3,912,916	20,967,271	214,854	7,231
Net Assets					
Invested in Capital Assets, Net of Related Debt	137,458,536	4,297,963	141,756,499	192,012	868
Restricted for:					
Capital Projects	532,937	0	532,937	0	0
Debt Service	182,013	0	182,013	0	0
Road and Bridge Projects	5,146,087	0	5,146,087	0	0
Mental Health	1,144,400	0	1,144,400	0	0
County Home	3,912,519	0	3,912,519	0	0
Board of Developmental Disabilities	5,032,524	0	5,032,524	0	0
Child Support Enforcement Agency	283,062	0	283,062	0	0
Children Services	833,206	0	833,206	0	0
Senior Services	172,391	0	172,391	0	0
Unclaimed Monies	57,451	0	57,451	0	0
Other Purposes	3,143,938	0	3,143,938	0	0
Unrestricted	12,676,139	290,563	12,966,702	457,646	114,768
<i>Total Net Assets</i>	\$170,575,203	\$4,588,526	\$175,163,729	\$649,658	\$115,636

See accompanying notes to the basic financial statements

Washington County, Ohio

Statement of Activities

For the Year Ended December 31, 2011

For the Fiscal Year Ended August 31, 2010 - WASCO, Inc. Component Unit

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	
Governmental Activities				
General Government:				
Legislative and Executive	\$6,308,476	\$2,637,076	\$238,816	\$0
Judicial	2,625,544	1,348,309	188,180	0
Public Safety	8,287,637	1,195,972	264,305	0
Public Works	8,560,954	102,039	6,453,264	114,850
Health:				
Alcohol, Drug, and Mental Health	5,213,977	9,099	3,926,219	0
Board of Developmental Disabilities	7,691,684	216,749	4,959,986	0
County Home	2,876,062	323,692	500,650	0
Other Health	274,081	193,985	0	0
Human Services:				
Child Support Enforcement	900,901	96,230	1,010,626	0
Children Services	2,468,022	2,345	1,273,003	0
Job and Family Services	4,592,982	66,553	4,337,251	0
Other Human Services	1,661,477	16,273	336,497	0
Economic Development and Assistance	676,969	0	300,463	0
Intergovernmental	501,707	0	434,310	0
Interest and Fiscal Charges	229,270	0	0	0
<i>Total Governmental Activities</i>	<u>52,869,743</u>	<u>6,208,322</u>	<u>24,223,570</u>	<u>114,850</u>
Business-Type Activity				
Sewer	1,052,204	644,942	178,546	0
<i>Total Primary Government</i>	<u>\$53,921,947</u>	<u>\$6,853,264</u>	<u>\$24,402,116</u>	<u>\$114,850</u>
Component Units				
WASCO, Inc.	\$2,874,865	\$2,895,750	\$0	\$0
Southeastern Ohio Port Authority	\$204,472	\$0	\$211,419	\$0

General Revenues

Property Taxes Levied for:

General Purposes

County Home

Board of Developmental Disabilities

Senior Services

Bond Retirement

Sales Taxes Levied for General Purposes

Grants and Entitlements not Restricted to Specific Programs

Interest

Rent

Gain on Sale of Capital Assets

Miscellaneous

Total General Revenues

Change in Net Assets

Net Assets Beginning of Year - Restated (See Note 3)

Net Assets End of Year

Net (Expense) Revenue
and Changes in Net Assets

Primary Government			Component Units	
Governmental Activities	Business-Type Activity	Total	WASCO, Inc.	Southeastern Ohio Port Authority
(\$3,432,584)	\$0	(\$3,432,584)	\$0	\$0
(1,089,055)	0	(1,089,055)	0	0
(6,827,360)	0	(6,827,360)	0	0
(1,890,801)	0	(1,890,801)	0	0
			0	
(1,278,659)	0	(1,278,659)	0	0
(2,514,949)	0	(2,514,949)	0	0
(2,051,720)	0	(2,051,720)	0	0
(80,096)	0	(80,096)	0	0
205,955	0	205,955	0	0
(1,192,674)	0	(1,192,674)	0	0
(189,178)	0	(189,178)	0	0
(1,308,707)	0	(1,308,707)	0	0
(376,506)	0	(376,506)	0	0
(67,397)	0	(67,397)	0	0
(229,270)	0	(229,270)	0	0
(22,323,001)	0	(22,323,001)	0	0
0	(228,716)	(228,716)	0	0
(22,323,001)	(228,716)	(22,551,717)	0	0
0	0	0	20,885	0
0	0	0	0	6,947
2,160,169	0	2,160,169	0	0
1,872,728	0	1,872,728	0	0
3,023,919	0	3,023,919	0	0
785,308	0	785,308	0	0
528,031	0	528,031	0	0
10,535,832	0	10,535,832	0	0
1,553,038	0	1,553,038	0	0
637,784	0	637,784	790	42
3,643	0	3,643	0	0
22,761	0	22,761	0	0
449,168	5,951	455,119	71,115	8,750
21,572,381	5,951	21,578,332	71,905	8,792
(750,620)	(222,765)	(973,385)	92,790	15,739
171,325,823	4,811,291	176,137,114	556,868	99,897
<u>\$170,575,203</u>	<u>\$4,588,526</u>	<u>\$175,163,729</u>	<u>\$649,658</u>	<u>\$115,636</u>

Washington County, Ohio

Balance Sheet

Governmental Funds

December 31, 2011

	<u>General</u>	<u>Job and Family Services</u>	<u>Motor Vehicle and Gasoline Tax</u>	<u>Board of Developmental Disabilities</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$9,309,135	\$384,286	\$2,647,358	\$4,450,489
Cash and Cash Equivalents in Segregated Accounts	34,076	0	0	17,315
Investments in Segregated Accounts	0	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	57,451	0	0	0
Materials and Supplies Inventory	76,921	9,748	354,803	0
Receivables:				
Property Taxes	2,384,990	0	0	3,257,963
Sales Taxes	2,913,418	0	0	0
Accounts	35,866	0	0	1,400
Accrued Interest	0	0	0	0
Loans	0	0	0	0
Intergovernmental	760,007	1,608	2,460,938	1,125,219
Interfund	39,958	0	0	0
Prepaid Items	225,117	5,538	1,797	39,862
<i>Total Assets</i>	<u>\$15,836,939</u>	<u>\$401,180</u>	<u>\$5,464,896</u>	<u>\$8,892,248</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$263,496	\$36,902	\$128,881	\$125,142
Contracts Payable	0	0	0	0
Accrued Wages Payable	141,811	34,008	26,317	66,168
Interfund Payable	142	3,862	0	0
Intergovernmental Payable	300,500	68,022	38,586	209,077
Retainage Payable	0	0	0	0
Deferred Revenue	4,001,951	71,820	1,626,096	4,087,151
<i>Total Liabilities</i>	<u>4,707,900</u>	<u>214,614</u>	<u>1,819,880</u>	<u>4,487,538</u>
Fund Balances				
Nonspendable	359,489	15,286	356,600	39,862
Restricted	0	171,280	3,288,416	4,364,848
Committed	0	0	0	0
Assigned	2,611,952	0	0	0
Unassigned	8,157,598	0	0	0
<i>Total Fund Balances</i>	<u>11,129,039</u>	<u>186,566</u>	<u>3,645,016</u>	<u>4,404,710</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$15,836,939</u>	<u>\$401,180</u>	<u>\$5,464,896</u>	<u>\$8,892,248</u>

See accompanying notes to the basic financial statements

County Home	Mental Health and Addiction Recovery Board	Other Governmental Funds	Total Governmental Funds
\$3,779,941	\$891,700	\$4,588,391	\$26,051,300
0	0	0	51,391
0	0	408,218	408,218
0	0	0	57,451
13,612	0	5,250	460,334
1,950,659	0	1,325,525	8,919,137
0	0	0	2,913,418
0	0	19,723	56,989
0	0	2,112	2,112
0	0	2,076	2,076
141,352	410,595	969,529	5,869,248
0	0	142	40,100
12,660	10,026	61,287	356,287
<u>\$5,898,224</u>	<u>\$1,312,321</u>	<u>\$7,382,253</u>	<u>\$45,188,061</u>
\$68,502	\$128,147	\$393,897	\$1,144,967
0	0	70,947	70,947
26,137	3,472	44,503	342,416
0	0	35,079	39,083
33,139	5,541	59,640	714,505
0	0	6,654	6,654
2,092,011	242,660	2,031,939	14,153,628
<u>2,219,789</u>	<u>379,820</u>	<u>2,642,659</u>	<u>16,472,200</u>
26,272	10,026	68,613	876,148
3,652,163	922,475	4,393,252	16,792,434
0	0	277,729	277,729
0	0	0	2,611,952
0	0	0	8,157,598
<u>3,678,435</u>	<u>932,501</u>	<u>4,739,594</u>	<u>28,715,861</u>
<u>\$5,898,224</u>	<u>\$1,312,321</u>	<u>\$7,382,253</u>	<u>\$45,188,061</u>

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Washington County, Ohio
*Reconciliation of Total Governmental Fund Balances
to Net Assets of Governmental Activities
December 31, 2011*

Total Governmental Fund Balances		\$28,715,861
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		142,042,191
Other long-term assets are not available to pay for current-period expenditures and therefore are not reported in the funds:		
Property Taxes	663,962	
Sales Taxes	1,103,305	
Intergovernmental Revenues	4,032,082	
Charges for Services	73,316	
Miscellaneous Revenue	10,496	5,883,161
An internal service fund is used by management to charge the costs of providing health care insurance to the Board of Developmental Disabilities employees and workers' compensation to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		331,751
Vacation Benefits Payable is recognized for earned vacation benefits that are to be used within one year but is not recognized on the balance sheet until due.		(1,141,777)
Unamortized issuance costs represent deferred charges which do not provide current financial resources and, therefore, are not reported in the funds.		106,638
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds Payable	(4,183,083)	
Compensated Absences Payable	(566,719)	
Accrued Interest Payable	(17,511)	
Energy Conservation Bonds Payable	(256,467)	
Capital Leases Payable	(338,842)	(5,362,622)
Net Assets of Governmental Activities		\$170,575,203

See accompanying notes to the basic financial statements

Washington County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2011

	General	Job and Family Services	Motor Vehicle and Gasoline Tax	Board of Developmental Disabilities	County Home
Revenues					
Property Taxes	\$2,188,423	\$0	\$0	\$3,035,141	\$1,879,224
Sales Taxes	10,385,167	0	0	0	0
Charges for Services	3,200,723	0	40,349	200,343	302,238
Licenses and Permits	3,390	0	0	0	0
Fines and Forfeitures	92,249	0	43,316	0	0
Intergovernmental	1,849,507	4,340,482	6,158,287	5,088,966	554,866
Interest	638,729	1,249	116,195	0	0
Rent	124,524	0	0	0	21,454
Contributions and Donations	6,500	0	0	37,051	0
Miscellaneous	281,072	0	5,729	117,308	0
<i>Total Revenues</i>	<u>18,770,284</u>	<u>4,341,731</u>	<u>6,363,876</u>	<u>8,478,809</u>	<u>2,757,782</u>
Expenditures					
Current:					
General Government:					
Legislative and Executive	5,313,699	0	0	0	0
Judicial	1,895,117	0	0	0	0
Public Safety	7,120,398	0	0	0	0
Public Works	1,106,924	0	7,385,774	0	0
Health:					
Alcohol, Drug, and Mental Health	0	0	0	0	0
Board of Developmental Disabilities	0	0	0	7,754,730	0
County Home	0	0	0	0	2,824,372
Other Health	120,912	0	0	0	0
Human Services:					
Child Support Enforcement	0	0	0	0	0
Children Services	0	0	0	0	0
Job and Family Services	0	4,474,567	0	0	0
Other Human Services	476,389	0	0	0	0
Economic Development and Assistance	164,381	0	0	0	0
Capital Outlay	0	0	0	0	0
Intergovernmental	0	0	0	0	0
Debt Service:					
Principal Retirement	102,919	0	0	0	0
Issuance Costs	0	0	0	0	0
Interest and Fiscal Charges	4,232	0	0	0	0
<i>Total Expenditures</i>	<u>16,304,971</u>	<u>4,474,567</u>	<u>7,385,774</u>	<u>7,754,730</u>	<u>2,824,372</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>2,465,313</u>	<u>(132,836)</u>	<u>(1,021,898)</u>	<u>724,079</u>	<u>(66,590)</u>
Other Financing Sources (Uses)					
Proceeds from Sale of Capital Assets	35,597	0	0	906	0
Inception of Capital Lease	409,537	0	0	0	0
Refunding Bonds Issued	0	0	0	0	0
Premium on Bonds Issued	0	0	0	0	0
Discount on Bonds Issued	0	0	0	0	0
Transfers In	0	196,681	0	0	0
Transfers Out	(1,150,569)	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(705,435)</u>	<u>196,681</u>	<u>0</u>	<u>906</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	1,759,878	63,845	(1,021,898)	724,985	(66,590)
<i>Fund Balances Beginning of Year - Restated (See Note 3)</i>	<u>9,369,161</u>	<u>122,721</u>	<u>4,666,914</u>	<u>3,679,725</u>	<u>3,745,025</u>
<i>Fund Balances End of Year</i>	<u>\$11,129,039</u>	<u>\$186,566</u>	<u>\$3,645,016</u>	<u>\$4,404,710</u>	<u>\$3,678,435</u>

See accompanying notes to the basic financial statements

Mental Health and Addiction Recovery Board	Other Governmental Funds	Total Governmental Funds
\$0	\$1,292,429	\$8,395,217
0	0	10,385,167
0	1,298,236	5,041,889
0	228,835	232,225
0	537,805	673,370
4,474,375	4,367,504	26,833,987
0	9,274	765,447
0	87,364	233,342
0	11,708	55,259
0	5,828	409,937
<u>4,474,375</u>	<u>7,838,983</u>	<u>53,025,840</u>
0	1,225,401	6,539,100
0	712,412	2,607,529
0	801,869	7,922,267
0	78,341	8,571,039
5,209,532	0	5,209,532
0	0	7,754,730
0	0	2,824,372
0	177,627	298,539
0	897,535	897,535
0	2,345,446	2,345,446
0	0	4,474,567
0	1,178,191	1,654,580
0	512,588	676,969
0	222,271	222,271
0	642,571	642,571
0	2,067,429	2,170,348
0	37,140	37,140
0	230,491	234,723
<u>5,209,532</u>	<u>11,129,312</u>	<u>55,083,258</u>
<u>(735,157)</u>	<u>(3,290,329)</u>	<u>(2,057,418)</u>
0	0	36,503
0	0	409,537
0	1,670,000	1,670,000
0	18,605	18,605
0	(11,690)	(11,690)
30,000	923,888	1,150,569
0	0	(1,150,569)
<u>30,000</u>	<u>2,600,803</u>	<u>2,122,955</u>
(705,157)	(689,526)	65,537
<u>1,637,658</u>	<u>5,429,120</u>	<u>28,650,324</u>
<u>\$932,501</u>	<u>\$4,739,594</u>	<u>\$28,715,861</u>

Washington County, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2011*

Net Change in Fund Balances - Governmental Funds \$65,537

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

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

Capital Asset Additions	1,622,548	
Current Year Depreciation	(1,314,180)	308,368

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the proceeds and the loss on disposal of assets:

Disposal of Capital Assets	(310,978)	
Proceeds from Sale of Capital Assets	22,761	(288,217)

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

Property Taxes	(25,062)	
Sales Tax	150,665	
Intergovernmental	(1,123,426)	
Charges for Services	31,139	
Contributions and Donations	(2,025)	
Miscellaneous	10,341	(958,368)

Repayments of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities:

General Obligation Bonds Payable	432,429	
Capital Lease Payable	102,919	535,348

Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of activities. Premiums and discounts are reported as revenues and expenditures when the debt is first issued; however, these amounts are deferred and amortized on the statement of activities:

Bond Premium Amortization	8,970	
Accrued Interest Payable	6,288	
Amortization of Issuance Costs	(7,943)	
Amortization of Discount	(1,862)	5,453

The inception of capital lease is reported as an other financing source in the governmental funds, but increases long-term liabilities on the statement of net assets. (409,537)

Issuance costs are reported as an expenditure when paid in the governmental funds, but are allocated governmental funds, but are allocated as an expense over the life of the outstanding debt on the statement of activities. 37,140

Bond proceeds are other financing sources in the governmental funds, but the issuance increases the long-term liabilities on the statement of activities. Governmental funds report the effect of premiums and discounts when the debt is first issued; however, these amounts are deferred and amortized on the statement of activities:

Refunding Bonds	(1,670,000)	
Premium on Refunding Bonds	(18,605)	
Discount on Refunding Bonds	11,690	(1,676,915)

Refunding of debt is an expenditure in the governmental funds, but the repayment reduces the long-term liabilities in the statement of net assets. 1,635,000

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds:

Vacation Benefits Payable	29,950	
Compensated Absences Payable	(31,401)	(1,451)

The internal service fund used by management to charge the costs of insurance and workers' compensation to individual funds is not reported in the statement of activities eliminated. The net expenses of the internal service fund is allocated among governmental activities. (2,978)

Change in Net Assets of Governmental Activities (\$750,620)

See accompanying notes to the basic financial statements

Washington County, Ohio
*Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Budget Basis)*
General Fund
For the Year Ended December 31, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property Taxes	\$2,068,690	\$2,174,702	\$2,177,176	\$2,474
Sales Taxes	9,858,300	10,143,565	10,166,274	22,709
Charges for Services	2,745,958	2,864,143	3,213,919	349,776
Licenses and Permits	3,000	3,000	3,390	390
Fines and Forfeitures	114,700	83,700	91,077	7,377
Intergovernmental	1,762,596	1,878,475	1,889,223	10,748
Interest	401,205	811,205	716,702	(94,503)
Rent	109,860	111,635	118,375	6,740
Contributions and Donations	0	0	6,500	6,500
Miscellaneous	198,985	235,311	254,099	18,788
<i>Total Revenues</i>	<u>17,263,294</u>	<u>18,305,736</u>	<u>18,636,735</u>	<u>330,999</u>
Expenditures				
Current:				
General Government:				
Legislative and Executive	6,386,054	6,473,112	5,923,989	549,123
Judicial	2,011,826	2,021,133	1,931,890	89,243
Public Safety	8,346,482	8,410,471	7,326,985	1,083,486
Public Works	827,423	1,154,214	1,122,894	31,320
Health	118,215	118,215	117,978	237
Human Services	587,303	587,303	491,056	96,247
Economic Development and Assistance	168,521	168,521	166,438	2,083
<i>Total Expenditures</i>	<u>18,445,824</u>	<u>18,932,969</u>	<u>17,081,230</u>	<u>1,851,739</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,182,530)</u>	<u>(627,233)</u>	<u>1,555,505</u>	<u>2,182,738</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	950	1,550	35,597	34,047
Advance In	30,000	94,953	92,350	(2,603)
Advance Out	(80,000)	(99,953)	(94,953)	5,000
Transfers Out	(1,127,808)	(1,155,396)	(1,150,569)	4,827
<i>Total Other Financing Sources (Uses)</i>	<u>(1,176,858)</u>	<u>(1,158,846)</u>	<u>(1,117,575)</u>	<u>41,271</u>
<i>Net Change in Fund Balance</i>	(2,359,388)	(1,786,079)	437,930	2,224,009
<i>Fund Balance Beginning of Year (Restated)</i>	6,877,985	6,877,985	6,877,985	0
Prior Year Encumbrances Appropriated	806,147	806,147	806,147	0
<i>Fund Balance End of Year</i>	<u>\$5,324,744</u>	<u>\$5,898,053</u>	<u>\$8,122,062</u>	<u>\$2,224,009</u>

See accompanying notes to the basic financial statements

Washington County, Ohio
*Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Budget Basis)*
Job and Family Services Fund
For the Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$4,653,290	\$4,178,376	\$4,185,337	\$6,961
Interest	0	1,249	1,249	0
<i>Total Revenues</i>	4,653,290	4,179,625	4,186,586	6,961
Expenditures				
Current:				
Human Services	4,834,956	4,654,312	4,611,999	42,313
<i>Excess of Revenues Under Expenditures</i>	(181,666)	(474,687)	(425,413)	49,274
Other Financing Source				
Transfers In	201,508	201,508	196,681	(4,827)
<i>Net Change in Fund Balance</i>	19,842	(273,179)	(228,732)	44,447
<i>Fund Balance Beginning of Year</i>	421,911	421,911	421,911	0
Prior Year Encumbrances Appropriated	84,112	84,112	84,112	0
<i>Fund Balance End of Year</i>	<u>\$525,865</u>	<u>\$232,844</u>	<u>\$277,291</u>	<u>\$44,447</u>

See accompanying notes to the basic financial statements

Washington County, Ohio
*Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Budget Basis)
Motor Vehicle and Gasoline Tax Fund
For the Year Ended December 31, 2011*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues				
Charges for Services	\$10,000	\$38,809	\$38,809	\$0
Fines and Forfeitures	40,000	40,000	43,356	3,356
Intergovernmental	5,719,130	6,055,265	6,122,979	67,714
Interest	40,000	116,195	116,195	0
Miscellaneous	2,165	6,185	6,208	23
<i>Total Revenues</i>	5,811,295	6,256,454	6,327,547	71,093
Expenditures				
Current:				
Public Works	6,829,118	9,389,905	7,627,953	1,761,952
<i>Net Change in Fund Balance</i>	(1,017,823)	(3,133,451)	(1,300,406)	1,833,045
<i>Fund Balance Beginning of Year</i>	2,623,811	2,623,811	2,623,811	0
Prior Year Encumbrances Appropriated	1,081,107	1,081,107	1,081,107	0
<i>Fund Balance End of Year</i>	<u>\$2,687,095</u>	<u>\$571,467</u>	<u>\$2,404,512</u>	<u>\$1,833,045</u>

See accompanying notes to the basic financial statements

Washington County, Ohio
*Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Budget Basis)*
Board of Developmental Disabilities Fund
For the Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues				
Property Taxes	\$2,972,165	\$2,972,165	\$3,011,059	\$38,894
Charges for Services	230,000	165,000	184,533	19,533
Intergovernmental	5,196,016	4,674,036	5,166,925	492,889
Contributions and Donations	15,000	15,000	36,485	21,485
Miscellaneous	25,235	25,235	102,205	76,970
<i>Total Revenues</i>	8,438,416	7,851,436	8,501,207	649,771
Expenditures				
Current:				
Health	8,387,177	9,088,505	8,023,213	1,065,292
<i>Excess of Revenues Over (Under) Expenditures</i>	51,239	(1,237,069)	477,994	1,715,063
Other Financing Source				
Proceeds from Sale of Capital Assets	265	265	906	641
<i>Net Change in Fund Balance</i>	51,504	(1,236,804)	478,900	1,715,704
<i>Fund Balance Beginning of Year</i>	3,342,610	3,342,610	3,342,610	0
Prior Year Encumbrances Appropriated	233,763	233,763	233,763	0
<i>Fund Balance End of Year</i>	<u>\$3,627,877</u>	<u>\$2,339,569</u>	<u>\$4,055,273</u>	<u>\$1,715,704</u>

See accompanying notes to the basic financial statements

Washington County, Ohio
*Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Budget Basis)*
County Home Fund
For the Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$1,807,764	\$1,807,764	\$1,866,545	\$58,781
Charges for Services	354,985	354,985	325,890	(29,095)
Intergovernmental	656,346	558,007	554,866	(3,141)
Rent	<u>22,557</u>	<u>22,557</u>	<u>21,454</u>	<u>(1,103)</u>
<i>Total Revenues</i>	2,841,652	2,743,313	2,768,755	25,442
Expenditures				
Current:				
Health	<u>3,567,798</u>	<u>3,567,798</u>	<u>2,946,482</u>	<u>621,316</u>
<i>Net Change in Fund Balance</i>	(726,146)	(824,485)	(177,727)	646,758
<i>Fund Balance Beginning of Year</i>	3,609,653	3,609,653	3,609,653	0
Prior Year Encumbrances Appropriated	<u>138,219</u>	<u>138,219</u>	<u>138,219</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$3,021,726</u>	<u>\$2,923,387</u>	<u>\$3,570,145</u>	<u>\$646,758</u>

See accompanying notes to the basic financial statements

Washington County, Ohio
*Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Budget Basis)
Mental Health and Addiction Recovery Board Fund
For the Year Ended December 31, 2011*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$4,682,580	\$5,310,211	\$5,381,059	\$70,848
Expenditures				
Current:				
Health	<u>4,934,809</u>	<u>5,646,985</u>	<u>5,363,931</u>	<u>283,054</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(252,229)	(336,774)	17,128	353,902
Other Financing Source				
Transfers In	<u>40,028</u>	<u>29,542</u>	<u>30,000</u>	<u>458</u>
<i>Net Change in Fund Balance</i>	(212,201)	(307,232)	47,128	354,360
<i>Fund Balance Beginning of Year</i>	483,199	483,199	483,199	0
Prior Year Encumbrances Appropriated	<u>200,949</u>	<u>200,949</u>	<u>200,949</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$471,947</u></u>	<u><u>\$376,916</u></u>	<u><u>\$731,276</u></u>	<u><u>\$354,360</u></u>

See accompanying notes to the basic financial statements

Washington County, Ohio
Statement of Fund Net Assets
Proprietary Funds
December 31, 2011

	Business-Type Activity Sewer Enterprise Fund	Governmental Activities Internal Service Funds
Assets		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	\$978,049	\$331,751
Receivables:		
Accounts	79,948	0
Intergovernmental	90,272	0
Special Assessments	90,237	0
Prepaid Items	233	0
Materials and Supplies Inventory	1,153	0
<i>Total Current Assets</i>	1,239,892	331,751
Noncurrent Assets:		
Non-Depreciable Capital Assets	1,965,139	0
Depreciable Capital Assets, Net	5,297,428	0
<i>Total Noncurrent Assets</i>	7,262,567	0
<i>Total Assets</i>	8,502,459	331,751
Liabilities		
Current Liabilities:		
Accounts Payable	29,435	0
Contracts Payable	790,708	0
Accrued Wages Payable	1,906	0
Vacation Benefits Payable	3,024	0
Intergovernmental Payable	41,499	0
Accrued Interest Payable	5,619	0
Retainage Payable	75,109	0
Interfund Payable	1,017	0
Current Portion of OWDA Loan Payable	27,591	0
Current Portion of OPWC Loans Payable	15,926	0
Current Portion of FHA Loan Payable	13,500	0
<i>Total Current Liabilities</i>	1,005,334	0
Long-Term Liabilities (Net of Current Portion):		
Compensated Absences Payable	1,012	0
OWDA Loans Payable	2,040,706	0
OPWC Loans Payable	136,881	0
FHA Sewer Loan Payable	730,000	0
<i>Total Long-Term Liabilities</i>	2,908,599	0
<i>Total Liabilities</i>	3,913,933	0
Net Assets		
Invested in Capital Assets, Net of Related Debt	4,297,963	0
Unrestricted	290,563	331,751
<i>Total Net Assets</i>	\$4,588,526	\$331,751

See accompanying notes to the basic financial statements

Washington County, Ohio
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2011

	Business-Type Activity	Governmental Activities
	Sewer Enterprise Fund	Internal Service Funds
Operating Revenues		
Charges for Services	\$644,942	\$0
Other	5,951	0
<i>Total Operating Revenues</i>	<u>650,893</u>	<u>0</u>
Operating Expenses		
Personal Services	100,962	0
Fringe Benefits	47,111	0
Contractual Services	599,171	0
Contractual Services - Workers Compensation	0	31,868
Materials and Supplies	34,702	0
Depreciation	204,471	0
Other	18,458	0
<i>Total Operating Expenses</i>	<u>1,004,875</u>	<u>31,868</u>
<i>Operating Loss</i>	<u>(353,982)</u>	<u>(31,868)</u>
Non-Operating Revenue (Expenses)		
Intergovernmental	178,546	0
Other Non-Operating Revenues	0	28,890
Interest and Fiscal Charges	(47,329)	0
<i>Total Non-Operating Revenues (Expenses)</i>	<u>131,217</u>	<u>28,890</u>
<i>Change in Net Assets</i>	(222,765)	(2,978)
<i>Net Assets Beginning of Year - Restated (See Note 3)</i>	<u>4,811,291</u>	<u>334,729</u>
<i>Net Assets End of Year</i>	<u><u>\$4,588,526</u></u>	<u><u>\$331,751</u></u>

See accompanying notes to the basic financial statements

Washington County, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2011

	Business-Type Activity Sewer Enterprise Fund	Governmental Activities- Internal Service Funds
Increase (Decrease) in Cash and Cash Equivalents		
Cash Flows from Operating Activities		
Cash Received from Customers	\$754,925	\$0
Cash Payments for Employee Services and Benefits	(147,589)	0
Cash Payments for Goods and Services	(1,245,828)	0
Cash Payments for Workers' Compensation Premiums	0	(31,868)
Other Non-Operating Revenues	0	28,890
Other Operating Revenues	5,951	0
Other Operating Expenses	(18,895)	0
	<u>(651,436)</u>	<u>(2,978)</u>
<i>Net Cash Used for Operating Activities</i>		
Cash Flows from Noncapital Financing Activities		
Intergovernmental	652,743	0
	<u>652,743</u>	<u>0</u>
Cash Flows from Capital and Related Financing Activities		
Special Assessments	21,317	0
Payments for Capital Acquisitions	(552,965)	0
Proceeds from OWDA Loan	1,634,297	0
Principal Paid on Debt	(369,392)	0
Interest and Fiscal Charges Paid on Debt	(48,065)	0
	<u>(48,065)</u>	<u>0</u>
<i>Net Cash Provided by Capital and Related Financing Activities</i>	<u>685,192</u>	<u>0</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	686,499	(2,978)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>291,550</u>	<u>334,729</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$978,049</u>	<u>\$331,751</u>

**Reconciliation of Operating Loss to Net Cash
Used for Operating Activities**

Operating Loss	(\$353,982)	(\$31,868)
Adjustments:		
Depreciation	204,471	0
Other Non-Operating Revenues	0	28,890
Changes in Assets and Liabilities:		
Decrease in Accounts Receivable	109,983	0
Decrease in Prepaid Items	9,556	0
Increase in Materials and Supplies Inventory	(1,153)	0
Increase in Accounts Payable	13,052	0
Increase in Accrued Wages Payable	7	0
Increase in Vacation Benefits Payable	314	0
Increase in Compensated Absences Payable	270	0
Increase in Interfund Payable	47	0
Decrease in Contracts Payable	(588,368)	0
Decrease in Retainage Payable	(63,914)	0
Increase in Intergovernmental Payable	18,281	0
	<u>(651,436)</u>	<u>(2,978)</u>
<i>Net Cash Used for Operating Activities</i>	<u>(\$651,436)</u>	<u>(\$2,978)</u>

See accompanying notes to the basic financial statements

Washington County, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2011

Assets	
Equity in Pooled Cash and Cash Equivalents	\$2,102,313
Cash and Cash Equivalents in Segregated Accounts	452,176
Investments in Segregated Accounts	30,434
Receivables:	
Property Taxes	42,552,332
Accounts	264,235
Special Assessments	482,913
Intergovernmental	<u>2,861,352</u>
<i>Total Assets</i>	<u><u>\$48,745,755</u></u>
 Liabilities	
Intergovernmental Payable	\$47,334,591
Undistributed Monies	<u>1,411,164</u>
<i>Total Liabilities</i>	<u><u>\$48,745,755</u></u>

See accompanying notes to the basic financial statements

Washington County, Ohio
Notes to the Basic Financial Statements
December 31, 2011

NOTE 1 - REPORTING ENTITY

Washington County, Ohio (the County), was created July 26, 1778, by Governor Aurther St. Clair. The County was the first county formed in the Northwest Territory and is composed of twenty-two townships. The County is governed by a board of three County Commissioners elected by the voters of the County. An elected County Auditor serves as chief fiscal officer. In addition, there are seven other elected administrative officials. These officials are: County Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, and Sheriff. Also elected are two Common Pleas Court Judges and a Probate and Juvenile Court Judge. The County Commissioners serve as the budget and taxing authority, contracting body, and the chief administrators of public services for the County.

The reporting entity is composed 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 Washington County, this includes the Board of Developmental Disabilities, the Children Services' Board, the Mental Health and Addiction Recovery Board, and all departments and activities that are directly operated by the elected County Officials.

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

Discretely Presented Component Units

Wasco, Inc. is a legally separate, not-for-profit corporation, served by a self-appointing board of trustees. Wasco, Inc., under a contractual agreement with the Washington County Board of Developmental Disabilities, provides sheltered employment for developmentally disabled or handicapped adults in Washington County. The Washington County Board of Developmental Disabilities provides Wasco, Inc. with staff salaries, transportation, equipment (except that used directly in the production of goods or rendering of services), staff to administer and supervise training programs, and other funds as necessary for the operation of Wasco, Inc. Based on the significant services and resources provided by the County to Wasco, Inc., and the sole purpose of Wasco, Inc. being to provide assistance to the developmentally disabled and handicapped adults of Washington County, Wasco, Inc. is presented as a component unit of Washington County. Wasco, Inc. operates on a fiscal year ending August 31. The financial statements of Wasco, Inc. are prepared in accordance with Governmental Accounting Standards Board Statement 34 following the governmental model of reporting. Separately issued financial statements can be obtained from Wasco, Inc., Marietta, Ohio.

Southeastern Ohio Port Authority (the Authority) was created during 2003, pursuant to Sections 4582.202 through 4582.58, inclusive, of the Ohio Revised Code for the purpose of promoting the manufacturing, commerce, distribution, and research and development interest of Southeastern Ohio, including rendering financial and other assistance to such enterprises situated in the region and to induce the location in Southeastern Ohio of other manufacturing, commerce, distribution, and research entities; to purchase, subdivide, sell, and lease real property in Southeastern Ohio; and erect or repair any building or improvement for the use of any manufacturing, commerce, distribution, or research and development enterprise in Southeastern Ohio. The Authority's Board of Directors consists of the number of Directors

Washington County, Ohio
Notes to the Basic Financial Statements
December 31, 2011

it deems necessary. They are appointed by the Washington County Commissioners. The County assumes the responsibility to provide financial support to the Authority and is obligated for the debt of the Authority; therefore, it is included as a discretely presented component unit. Separately issued financial statements can be obtained from the Authority in Marietta, Ohio.

The following potential component units have been excluded from the County's financial statements:

- Washington County Career Center
- Washington County Educational Service Center
- Washington County Agricultural Society
- Washington County Historical Society
- Washington State Community College
- Washington County Cooperative Extension
- Marietta Tourist and Convention Bureau
- Washington County Law Library

In the case of the separate agencies, boards, and commissions listed below, the County serves as fiscal agent but is not financially accountable for their operations. Accordingly, the activity of the following districts and agencies is presented as agency funds within the County's financial statements:

Washington County General Health District The District is governed by the Board of Health which oversees the operation of the District and is elected by a regional advisory council composed of township trustees, mayors of participating municipalities, and one County Commissioner. The council adopts its own budget and operates autonomously from the County. Funding is based on a rate per taxable valuation, along with state and federal grants applied for by the District.

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

The County is associated with certain organizations which are defined as jointly governed organizations and insurance purchasing pools. These organizations are presented in Notes 18 and 20 to the Basic Financial Statements. The organizations are:

- Buckeye Hills-Hocking Valley Regional Development District
- Joint Solid Waste District
- Washington-Morgan Community Action Corporation
- Washington County Family and Children First Council
- Wood, Washington, and Wirt Planning Commission
- Buckeye Hills Resource Conservation and Development Project
- Mid Eastern Ohio Regional Council of Governments (MEORC)
- Ohio Valley Employment Resource (OVER)
- County Risk Sharing Authority, Inc. (CORSA)
- County Employee Benefits Consortium of Ohio, Inc. (CEBCO)

The County is associated with the Washington County Public Library, which is classified as a related organization. Additional information concerning the related organization is presented in Note 19.

Washington County, Ohio
Notes to the Basic Financial Statements
December 31, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The County also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds unless those pronouncements conflict with or contradict GASB pronouncements. The County has elected not to apply FASB statements and interpretations issued after November 30, 1989, to its business-type activity and enterprise fund. The most significant of the County's accounting policies are described below.

A. Basis of Presentation

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

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

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

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

B. Fund Accounting

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

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

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

Job and Family Services Fund The Public Assistance Fund accounts for various federal and State grants as well as transfers from the general fund used to provide public assistance to general relief recipients and to pay their providers of medical assistance and certain public social services.

Motor Vehicle and Gasoline Tax Fund This fund accounts for revenue derived from motor vehicle licenses, gasoline taxes, grants, permissive sales taxes, and interest. Expenditures in this fund are restricted by state law to County road and bridge repair/improvements programs.

Board of Developmental Disabilities Fund This fund accounts for the operation of a school and the costs of administering a sheltered workshop for the developmentally disabled residents of the County. Revenue sources are federal and state grant monies and a county-wide property tax levy.

County Home Fund This fund accounts for property tax revenues and other resources used to finance the operation of the County Home.

Mental Health and Addiction Recovery Board Fund This fund accounts for all state, federal, and local funds that have been expended primarily to pay the cost of contracts with local mental health agencies that provide services to the public at large.

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

Enterprise Fund Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following is a description of the County's Enterprise Fund:

Sewer Fund This fund accounts for sanitary sewer services provided to County individual and commercial users. The costs of providing these services are financed primarily through user charges.

Internal Service Funds Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the County on a cost-reimbursement basis. The Internal Service Fund was used to account for the operation of the County's workers' compensation program through a retrospective rating plan.

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Fiduciary Funds Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the County under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the County's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The County's fiduciary funds are all classified as agency funds. The agency funds account for assets held by the County as agent for the Board of Health and other districts and entities and for various taxes, assessments, and state shared resources collected on behalf of and distributed to other local governments.

C. Measurement Focus

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

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

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

D. Basis of Accounting

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

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

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Nonexchange transactions, in which the County receives value without directly giving equal value in return, include sales taxes, property taxes, grants, entitlements, and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the year for which the taxes are levied (see Note 7). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the County must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: sales tax (see Note 8), interest, federal and state grants and subsidies, state-levied locally shared taxes (including motor vehicle license fees and gasoline taxes), fees, and rentals.

Deferred Revenue Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2011, but which were levied to finance year 2012 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

E. Budgetary Process

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the County Auditor. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during 2011 upon which the final appropriations were based.

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

F. Cash and Cash Equivalents

Cash balances of the County's funds, except cash held by a trustee or fiscal agent or held in segregated accounts, are pooled and invested in short-term investments in order to provide improved cash management. During 2011, the County had investments in certificates of deposit, which are reported at cost, and in Federal Home Loan Bank Bonds and Federal National Mortgage Bonds accounted for in the Children Services Special Revenue Fund. These investments are reported at fair value, which is based on quoted market prices. The County Court Agency Fund certificate of deposit and the investments of the Children Services Special Revenue Fund are reflected as "Investments in Segregated Accounts."

The County has segregated bank accounts for monies held separate from the County's pooled accounts. These depository accounts are presented as "Cash and Cash Equivalents in Segregated Accounts" since they are not deposited into the County's treasury.

Under existing Ohio statutes, all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the General Fund during 2011 amounted to \$638,729, which includes \$445,696 assigned from other County funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the County are considered to be cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments and are reported at cost.

Wasco, Inc. considers all highly liquid debt instruments purchased with a maturity date of three months or less to be cash equivalents. As of August 31, 2011, Wasco, Inc. had no investments.

The Authority's funds are maintained in non-interest bearing and interest bearing checking, savings and money market accounts.

G. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventory consists of expendable supplies held for consumption.

H. Restricted Assets

Restricted cash and cash equivalents in the General Fund represent the amount of unclaimed monies not available for appropriation.

I. Receivables and Payables

Receivables and payables are recorded on the County's financial statements to the extent that the amounts are determined material and substantiated not only by supporting documentation, but also, by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectability.

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Using these criteria, the County has elected to not record child support arrearages. These amounts, while potentially significant, are not considered measurable, and because collections are often significantly in arrears, the County is unable to determine a reasonable value.

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2011, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

K. Interfund Balances

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

L. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the enterprise fund are reported both in the business-type activities column of the government-wide statement of net assets and in the fund.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The County was able to estimate the historical cost for the initial reporting of infrastructure by back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their fair market values as of the date received. The County maintains a capitalization threshold of five thousand dollars. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest costs incurred during the construction of capital assets utilized by the enterprise funds are also capitalized.

All reported capital assets are depreciated except for land, infrastructure, and construction in process. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activity Estimated Lives
Land Improvements	40-100 Years	n/a
Buildings and Improvements	40-100 Years	40-100 Years
Machinery and Equipment	5-10 Years	5-10 Years
Furniture and Fixtures	5-20 Years	n/a
Vehicles	8 Years	8 Years
Business-Type Infrastructure	N/A	40 Years

The County's infrastructure consists of County roads and bridges, certain culverts, and sewer systems. The County reports infrastructure acquired prior to December 31, 1980.

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County road and bridges (infrastructure reported in the Governmental activities column of the statement of net assets) are presented using the modified approach and therefore these assets are not depreciated. In addition, expenditures made by the County to preserve existing roads or bridges are expensed rather than capitalized. Only expenditures for additions or improvements are capitalized. Additional disclosures about the condition assessments and maintenance cost regarding the County's roads and bridges appear in the Required Supplementary Information.

WASCO, Inc. depreciates buildings, equipment and fixtures, and vehicles for 10 years utilizing the straight-line method. The Authority depreciates buildings and infrastructure from 30-50 years, building improvements for 20 years, and vehicles and equipment for 5 years.

M. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable the County will compensate the employees for the benefits through paid time off or some other means. The liability for vacation benefits is recorded as "vacation benefits payable", rather than long term liabilities, as the balances are to be used by the employees in the year following the year benefits are earned. For Wasco, Inc., all unused vacation leave at fiscal year end is accrued as a liability.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the County has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee wage rates at year end taking into consideration any limits specified in the County's termination policy. The County records a liability for accumulated, unused sick leave for all employees of the County after ten years of service.

N. Accrued Liabilities and Long-term Obligations

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

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

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O. Fund Balance

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 category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” 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 or enabling legislation (County resolutions).

Enabling legislation authorizes the County to assess, levy, charge, or otherwise mandates payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the County can be compelled by an external party, such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specific by the legislation.

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 Commission removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by County Commissioners, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. 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.

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 the County Commissioners or a County official delegated that authority by resolution or by State Statute.

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.

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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.

P. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The restrictions for other purposes include activities related to real estate assessment, 911, court and corrections activities, sheriff activities, disaster services, litter control, retired senior services, economic development, transportation services, and community development projects.

The County applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Q. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the County, these revenues are charges for services for wastewater treatment and self-insurance programs. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. Revenues and expenses not meeting these definitions are reported as non-operating.

R. Internal Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Transfers between governmental activities are eliminated. Internal allocations of overhead expenses from one program to another or within the same program are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

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

S. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the County and that are either unusual in nature or infrequent in occurrence. The County did not have any extraordinary or special items in 2011.

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T. Estimates

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

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF PRIOR YEAR BALANCES

A. Changes in Accounting Principles

For 2011, the County has implemented Governmental Accounting Standards Board (GASB) Statement 54, "Fund Balance Reporting and Governmental Fund Type Definitions". GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of this statement did result in a restatement of the County's balances.

B. Restatement of Prior Year Balances

The implementation of GASB Statement No. 54 had the following effect on fund balances of the major and nonmajor funds as they were previously reported.

	<u>General Fund</u>	<u>Job and Family Services</u>	<u>Motor Vehicle and Gasoline Tax</u>	<u>Board of Developmental Disabilities</u>
Fund Balance at December 31, 2010	\$9,154,994	\$122,721	\$4,666,914	\$3,679,725
GASB 54 Change in Fund Structure	<u>214,167</u>	<u>0</u>	<u>0</u>	<u>0</u>
Adjusted Fund Balance at December 31, 2010	<u><u>\$9,369,161</u></u>	<u><u>\$122,721</u></u>	<u><u>\$4,666,914</u></u>	<u><u>\$3,679,725</u></u>
		<u>Mental Health and Addiction Recovery Board</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund Balance at December 31, 2010	\$3,745,025	\$1,637,658	\$5,643,287	\$28,650,324
GASB 54 Change in Fund Structure	<u>0</u>	<u>0</u>	<u>(214,167)</u>	<u>0</u>
Adjusted Fund Balance at December 31, 2010	<u><u>\$3,745,025</u></u>	<u><u>\$1,637,658</u></u>	<u><u>\$5,429,120</u></u>	<u><u>\$28,650,324</u></u>

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The County has restated capital assets, based on corrections made to construction in progress in 2010.

	<u>Sewer Fund</u>
Net Assets at December 31, 2010	\$3,916,451
Capital Assets Restatement	<u>894,840</u>
Restated Net Assets at December 31, 2010	<u><u>\$4,811,291</u></u>

NOTE 4 - 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 fund balance for the major governmental funds and all other governmental funds are presented below:

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Fund Balances	General	Job and Family Services	Motor Vehicle and Gasoline Tax	Board of Developmental Disabilities	County Home	Mental Health and Addiction Recovery Board	Nonmajor Governmental Funds	Total
<u>Nonspendable:</u>								
Inventory	\$76,921	\$9,748	\$354,803	\$0	\$13,612	\$0	\$5,250	\$460,334
Prepays	225,117	5,538	1,797	39,862	12,660	10,026	61,287	356,287
Unclaimed monies	57,451	0	0	0	0	0	0	57,451
Loans	0	0	0	0	0	0	2,076	2,076
<i>Total Nonspendable</i>	<u>359,489</u>	<u>15,286</u>	<u>356,600</u>	<u>39,862</u>	<u>26,272</u>	<u>10,026</u>	<u>68,613</u>	<u>876,148</u>
<u>Restricted for:</u>								
County Home Operations	0	0	0	0	3,652,163	0	0	3,652,163
Job and Family Services Operations	0	171,280	0	0	0	0	0	171,280
Public Works	0	0	3,288,416	0	0	0	880	3,289,296
Board of Developmental Disabilities Operations	0	0	0	4,364,848	0	0	0	4,364,848
Mental Health Operations	0	0	0	0	0	922,475	0	922,475
Capital Improvements	0	0	0	0	0	0	245,395	245,395
Bond Retirement	0	0	0	0	0	0	206,165	206,165
Public Safety	0	0	0	0	0	0	686,869	686,869
Other Health	0	0	0	0	0	0	63,777	63,777
Other Human Services	0	0	0	0	0	0	102,522	102,522
Child Support	0	0	0	0	0	0	301,342	301,342
Court Operations	0	0	0	0	0	0	700,039	700,039
Community Development	0	0	0	0	0	0	177,413	177,413
Children Services Operations	0	0	0	0	0	0	1,003,211	1,003,211
Real Estate Assessments	0	0	0	0	0	0	905,639	905,639
<i>Total Restricted</i>	<u>0</u>	<u>171,280</u>	<u>3,288,416</u>	<u>4,364,848</u>	<u>3,652,163</u>	<u>922,475</u>	<u>4,393,252</u>	<u>16,792,434</u>
<u>Committed to:</u>								
Capital Projects	0	0	0	0	0	0	277,729	277,729
<u>Assigned to:</u>								
Other purposes	2,611,952	0	0	0	0	0	0	2,611,952
<u>Unassigned:</u>								
	8,157,598	0	0	0	0	0	0	8,157,598
Total Fund Balances	<u><u>\$11,129,039</u></u>	<u><u>\$186,566</u></u>	<u><u>\$3,645,016</u></u>	<u><u>\$4,404,710</u></u>	<u><u>\$3,678,435</u></u>	<u><u>\$932,501</u></u>	<u><u>\$4,739,594</u></u>	<u><u>\$28,715,861</u></u>

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NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statements of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis) for the General and major special revenue funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year end encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance.
4. Principal payments on capital lease obligations are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. Unrecorded cash and interest are reported on the balance sheet (GAAP basis), but not on the budgetary basis. The reconciled difference is reflected in the following tables as unrecorded cash.
6. Cash that is held by the agency funds on behalf of County funds on a budget basis are allocated and reported on the balance sheet (GAAP basis) in the appropriate County fund.

Adjustments necessary to convert the results of operations at the end of the year on the Budget basis to the GAAP basis are as follows:

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Net Change in Fund Balances
 General and Major Special Revenue Funds

	General	Job and Family Services	Motor Vehicle and Gasoline Tax	Board of Developmental Disabilities	County Home	Mental Health and Addiction Recovery Board
GAAP Basis	\$1,759,878	\$63,845	(\$1,021,898)	\$724,985	(\$66,590)	(\$705,157)
Net Adjustment for Revenue Accruals	(168,193)	(155,145)	(35,268)	63,795	23,652	906,594
Beginning of the Year:						
Unrecorded Cash	44,920	0	479	0	0	90
Unreported Interest	107,793	0	0	0	0	0
Segregated Accounts	16,628	0	0	0	0	0
Agency Fund Cash Allocation	66,474	0	0	84,675	52,439	0
Prepaid Items	131,515	3,638	9,882	41,730	11,321	9,558
End of the Year:						
Unrecorded Cash	(59,541)	0	(1,540)	0	0	0
Unreported Interest	(29,833)	0	0	0	0	0
Segregated Accounts	(34,076)	0	0	(17,315)	0	0
Agency Fund Cash Allocation	(77,721)	0	0	(108,757)	(65,118)	0
Prepaid Items	(225,117)	(5,538)	(1,797)	(39,862)	(12,660)	(10,026)
Principal Retirement	102,919	0	0	0	0	0
Net Adjustment for Expenditure Accruals	(117,684)	(28,537)	(8,958)	16,108	23,907	6,493
Advances In	92,350	0	0	0	0	0
Advances Out	(94,953)	0	0	0	0	0
Encumbrances	(1,077,429)	(106,995)	(241,306)	(286,459)	(144,678)	(160,424)
Budget Basis	<u>\$437,930</u>	<u>(\$228,732)</u>	<u>(\$1,300,406)</u>	<u>\$478,900</u>	<u>(\$177,727)</u>	<u>\$47,128</u>

NOTE 6 - DEPOSITS AND INVESTMENTS

PRIMARY GOVERNMENT

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

Monies held by the County which are not considered active are classified as inactive. Inactive monies may be deposited or invested with certain limitations in the following securities provided the County has filed a written investment policy with the Ohio Auditor of State:

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1. United States Treasury bills, bonds, notes, 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;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations describe in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to simultaneously exchange similar securities or cash, equal value for equal value;
9. Up to twenty-five percent of the County's average portfolio in either of the following:
 - a. commercial paper notes in entities incorporated under the laws of Ohio or any other State that have assets exceeding five hundred million dollars rated at the time of purchase, which are rated in the highest qualification established by two nationally recognized standard rating services, which do not exceed ten percent of the value of the outstanding commercial paper of the issuing corporation and which mature within 270 days after purchase.
 - b. bankers acceptances eligible for purchase by the federal reserve system and which mature within 180 days after purchase;
10. Fifteen percent of the County's average portfolio in notes issued by U.S. corporations or by depository institutions that are doing business under authority granted by the U.S. provided that the notes are rated in the second highest or higher category by at least two nationally recognized standard rating services at the time of purchase and the notes mature within two years from the date of purchase;

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11. No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service consisting exclusively of obligations guaranteed by the United States, securities issued by a federal government agency or instrumentality, and/or highly rated commercial paper; and,
12. One percent of the County's average portfolio in debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government.

Repurchase agreements, investments in derivatives, and investments in stripped principal or interest obligations that are not issued or guaranteed by the United States, are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Other than corporate notes, commercial paper, and bankers' acceptances, an investment must mature within five years from the date of settlement unless matched to a specific obligation or debt of the County. Investments must be purchased with the expectation that they will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits Custodial credit risk for deposits is the risk that in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, the County's bank balance was \$31,565,502. Of the bank balance, \$787,691 was covered by Federal depository insurance and \$30,777,811 was collateralized with securities held by the pledging financial institution. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the County to a successful claim by the FDIC.

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

Investments As of December 31, 2011, the County had the following investments:

	Fair Value	Maturity
Federal Home Loan Bank Bonds	\$78,071	3/14/2014
Federal National Mortgage Association Bonds	51,730	5/23/2017
Federal National Mortgage Association Bonds	75,598	5/25/2016
Federal National Mortgage Association Bonds	50,018	12/28/2016
Federal National Mortgage Association Bonds	52,342	4/8/2013
Federal National Mortgage Association Bonds	52,754	7/28/2015
Total	\$360,513	

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Interest Rate Risk The County's investment policy does not address interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the County, and that an investment must be purchased with the expectation that it will be held to maturity. The intent of the policy is to avoid the need to sell securities prior to maturity.

Credit Risk The Federal Home Loan Bank Bonds and Federal National Mortgage Association Bonds carried a credit rating by Moody's of Aaa. The County has no investment policy that would limit its investment choices other than the restrictions contained in State statute.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County has no investment policy dealing with investment custodial credit risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk Concentration of credit risk is defined by the Governmental Accounting Standards Board as having five percent or more invested in the securities of a single issuer. The County places no limit on the amount it may invest in any one issuer. The County has 78 percent in Federal National Mortgage Association Bonds and 22 percent of its investments in Federal Home Loan Bank Bonds.

COMPONENT UNITS

At fiscal year end and at numerous times during the year, Wasco, Inc.'s bank balance of \$229,521 was covered by Federal Deposit Insurance Corporation. Wasco had no investments at fiscal year end. There are no statutory guidelines regarding the deposit and investment of funds by the not-for-profit corporation.

At year end, the Authority's bank balance of \$61,380 was covered by Federal Deposit Insurance Corporation.

NOTE 7 - RECEIVABLES

A. Property Taxes

Property taxes include amounts levied against all real and public utility property located in the County. Property tax revenue received during 2011 for real and public utility property taxes represents collections of 2010 taxes.

2011 real property taxes were levied after October 1, 2011, on the assessed value as of January 1, 2011, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2011 real property taxes are collected in and intended to finance 2012.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2011 public utility property taxes which became a lien December 31, 2010, are levied after October 1, 2011, and are collected in 2012 with real property taxes.

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The full tax rate for all County operations for the year ended December 31, 2011, was \$10.05 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2011 property tax receipts were based are as follows:

Real Property	\$970,585,880
Public Utility Personal Property	<u>132,918,730</u>
Total	<u><u>\$1,103,504,610</u></u>

The County Treasurer collects property taxes on behalf of all taxing districts in the County. The County Auditor periodically remits to the taxing districts their portion of the taxes collected. The collection and distribution of taxes for all subdivisions within the County, excluding the County itself, is accounted for through agency funds. The amount of the County's tax collections is accounted for within the applicable funds. Property taxes receivable represents real and public utility taxes and outstanding delinquencies which were measurable as of December 31, 2011, and for which there was an enforceable legal claim. In governmental funds, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2011 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On the accrual basis, collectible delinquent property taxes have been recorded as revenue while on the modified accrual basis, the revenue has been deferred.

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B. Intergovernmental Receivables

Governmental Activities	<u>Amounts</u>
Motor Vehicle License Tax	\$1,251,519
Gas Excise Tax	1,125,549
Homestead and Rollback	715,305
Community Development Block Grants	532,695
Local Government	498,419
Board of DD State Subsidy	230,186
Treatment and Prevention	175,189
State Subsidy - Mental Health	155,091
Miscellaneous	152,036
Targeted Case Management	142,000
Waiver Administration	140,000
Board of Developmental Disabilities Reimbursements	85,574
Permissive Motor Vehicle License Tax	80,906
Urban Transit Grants	69,440
VRP3	64,596
Community Corrections Grant	64,000
Children Services Reimbursements	61,486
Prisoner Care	55,963
Special Education Part B- IDEA	41,269
Therapy Services Reimbursement	34,178
Title XX	28,513
State Homeland Security	22,051
Block Grants	21,206
Women's Prevention	20,596
VOCA - Victim Assistance	18,258
National Service Grants	13,116
CSEA Reimbursements	12,327
Justice Assistance Grant	12,271
Early Childhood Special Education	12,140
Title XIX - Medicaid	10,000
Defense of Indigents	7,873
Bullet Proof Vest Partnership Grant	5,075
School Lunch Reimbursement	4,590
DARE Grant	3,943
Job & Family Services Reimbursements	1,608
Estate Tax	280
Total Governmental Activities	<u>5,869,248</u>
Business-Type Activities	
Sewer Program Grant	90,272
Total Intergovernmental Receivable	<u><u>\$5,959,520</u></u>

C. Loans Receivable

The Community Development Block Grant Special Revenue Fund reflects a loan receivable of \$2,076. This amount is for the principal owed to the County for Federal Community Development Block Grant Program monies loaned to individuals for home improvements. The loan bears interest at an annual rate of five percent. These loans are to be repaid over periods ranging from four to seven years. The amount not scheduled for collection during the subsequent year is \$2,076.

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NOTE 8 - PERMISSIVE SALES AND USE TAX

In 1983, the County Commissioners, by resolution, imposed a one percent tax on all retail sales made in the County and on the storage, use, or consumption in the County of tangible personal property, including automobiles, not subject to the sales tax. At the November 1989 general election, an additional one-half percent tax was approved by the voters of the County. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies to the Office of Budget and Management (OBM) the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month. OBM then has five days in which to draw the warrant payable to the County.

A receivable is recognized at year end for amounts that will be received from sales which occurred during 2011.

NOTE 9 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2011, was as follows:

	Balance 12/31/2010	Additions	Reductions	Balance 12/31/2011
Governmental Activities:				
Non-Depreciable Capital Assets:				
Land	\$626,861	\$0	\$0	\$626,861
Infrastructure	125,236,750	313,091	(274,475)	125,275,366
Total Non-Depreciable Capital Assets	<u>125,863,611</u>	<u>313,091</u>	<u>(274,475)</u>	<u>125,902,227</u>
Depreciable Capital Assets:				
Land Improvements	680,180	0	0	680,180
Buildings and Improvements	21,605,075	568,438	0	22,173,513
Machinery and Equipment	5,903,778	132,813	(162,117)	5,874,474
Furniture and Fixtures	1,304,269	28,920	0	1,333,189
Vehicles	5,706,976	579,286	(661,009)	5,625,253
Total Depreciable Capital Assets	<u>35,200,278</u>	<u>1,309,457</u>	<u>(823,126)</u>	<u>35,686,609</u>
Accumulated Depreciation:				
Land Improvements	(414,051)	(26,918)	0	(440,969)
Buildings and Improvements	(9,582,921)	(558,232)	0	(10,141,153)
Machinery and Equipment	(3,813,434)	(340,531)	157,198	(3,996,767)
Furniture and Fixtures	(746,760)	(53,193)	0	(799,953)
Vehicles	(4,484,683)	(335,306)	652,186	(4,167,803)
Total Accumulated Depreciation	<u>(19,041,849)</u>	<u>(1,314,180)*</u>	<u>809,384</u>	<u>(19,546,645)</u>
Total Depreciable Capital Assets, Net	<u>16,158,429</u>	<u>(4,723)</u>	<u>(13,742)</u>	<u>16,139,964</u>
Governmental Capital Assets, Net	<u>\$142,022,040</u>	<u>\$308,368</u>	<u>(\$288,217)</u>	<u>\$142,042,191</u>

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* Depreciation expense was charged to governmental activities as follows:

General Government:	
Legislative and Executive	\$122,148
Judicial	18,166
Public Safety	445,338
Public Works	313,351
Health:	
Board of Developmental Disabilities	107,004
County Home	95,678
Other Health	1,460
Human Services:	
Child Support Enforcement	727
Children Services	108,657
Job and Family Services	78,966
Other Human Services	22,685
Total Depreciation Expense	<u><u>\$1,314,180</u></u>

	Balance 12/31/2010	Additions	Reductions	Balance 12/31/2011
Business-Type Activity:				
Non-Depreciable Capital Assets:				
Land	\$189,760	\$0	\$0	189,760
Construction in Progress	1,731,532	1,405,323	(1,361,476)	1,775,379
Total Non-Depreciable Capital Assets	<u>1,921,292</u>	<u>1,405,323</u>	<u>(1,361,476)</u>	<u>1,965,139</u>
Depreciable Capital Assets:				
Buildings and Improvements	851,885	0	0	851,885
Machinery and Equipment	459,273	13,459	0	472,732
Infrastructure	6,240,666	1,361,476	0	7,602,142
Total Depreciable Capital Assets	<u>7,551,824</u>	<u>1,374,935</u>	<u>0</u>	<u>8,926,759</u>
Accumulated Depreciation:				
Buildings and Improvements	(582,474)	(18,338)	0	(600,812)
Machinery and Equipment	(402,752)	(27,492)	0	(430,244)
Infrastructure	(2,439,634)	(158,641)	0	(2,598,275)
Total Accumulated Depreciation	<u>(3,424,860)</u>	<u>(204,471)</u>	<u>0</u>	<u>(3,629,331)</u>
Total Depreciable Capital Assets, Net	<u>4,126,964</u>	<u>1,170,464</u>	<u>0</u>	<u>5,297,428</u>
Business-Type Capital Assets, Net	<u><u>\$6,048,256</u></u>	<u><u>\$2,575,787</u></u>	<u><u>(\$1,361,476)</u></u>	<u><u>\$7,262,567</u></u>

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COMPONENT UNITS

Capital asset activity for the Port Authority for the year ended December 31, 2011, was as follows:

	Balance 12/31/2010	Additions	Reductions	Balance 12/31/2011
Port Authority:				
Depreciable Capital Assets:				
Equipment and Furniture	\$6,489	\$1,021	\$0	\$7,510
Accumulated Depreciation:				
Equipment and Furniture	(6,217)	(425)	0	(6,642)
Total Port Authority Capital Assets, Net	<u>\$272</u>	<u>\$596</u>	<u>\$0</u>	<u>\$868</u>

NOTE 10 - RISK MANAGEMENT

PRIMARY GOVERNMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; employee injuries; and natural disasters. During 2011, the County contracted with the County Risk Sharing Authority, Inc. (CORSA), an insurance purchasing pool (see Note 18), for liability, auto, and crime insurance. CORSA, a non-profit corporation sponsored by the County Commissioners of Ohio, was created to provide affordable liability, property, casualty, and crime insurance coverage for its members and was established May 12, 1987. Coverage provided by the program and applicable deductibles are as follows:

	Coverage	Deductible
General Liability	\$1,000,000 each occurrence	\$2,500
Law Enforcement Liability	1,000,000 each occurrence	2,500
Automobile Liability	1,000,000 each occurrence	2,500
Errors and Omissions Liability	1,000,000/1,000,000	2,500
Property Damage Liability	101,278,963	2,500
Equipment Breakdown	1,000,000	2,500
Crime	1,000,000	2,500
Stop Gap Liability	1,000,000	2,500
Professional Liability	1,000,000	2,500
Medical Professional Liability	2,000,000	2,500

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

COMPONENT UNIT

The Authority has obtained commercial insurance for property, general liability, and public employee dishonesty.

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NOTE 11 - DEFINED BENEFIT PENSION PLANS

A. *Ohio Public Employees Retirement System*

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

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for local employer units and 18.1 percent of covered payroll for law enforcement and public safety employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in local divisions and 12 percent for law enforcement and public safety members. For the year ended December 31, 2011, members in local divisions contributed 10 percent of covered payroll while public safety and law enforcement members contributed 11.0 percent and 11.6 percent, respectively. While members in the local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. For 2011, member and employer contribution rates were consistent across all three plans.

The City's 2011 contribution rate was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the County's contribution was 18.10 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 4.00 percent for 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2011. Employer contribution rates are actuarially determined.

The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2011, 2010, and 2009, were \$2,161,039 \$1,898,021, and \$1,676,418, respectively. For 2011, 91.58 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2010 and 2009. Contributions to the Member-Directed Plan for 2011 were \$24,402 made by the City and \$17,430 made by plan members.

Washington County, Ohio
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B. State Teachers Retirement System

Plan Description – The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that can be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

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

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

Funding Policy - For the fiscal year ended June 30, 2011, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For year 2010, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The County's required contributions for pension obligations to the DB Plan for the fiscal years ended December 31, 2011, 2010, and 2009, were \$76,575, \$72,436, and \$73,270, respectively. For 2011, 98.23 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2010 and 2009. Contributions to the DC and Combined plans for 2010 (latest information available) were \$3,443 made by the County and \$2,459 made by the plan members.

NOTE 12 - POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

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

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

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

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 18.10 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0 percent for 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2011.

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

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2011, 2010, and 2009 were \$914,568, \$1,010,286, and \$1,087,059, respectively. For 2011, 91.58 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2010 and 2009.

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

Washington County, Ohio
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B. State Teachers Retirement System

Plan Description – The School District participates in the cost-sharing multiple-employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The County's contributions for health care for the years ended December 31, 2011, 2010, and 2009, were \$5,890, \$5,572, and \$5,636, respectively. For 2011, 98.23 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2010 and 2009.

NOTE 13 - OTHER EMPLOYER BENEFITS

A. Deferred Compensation Plan

Washington County employees and elected officials may participate in a state-wide deferred compensation plan created in accordance with Internal Revenue Code Section 457 offered by the State of Ohio. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

B. Compensated Absences

County employees follow various personnel policies as established by the County Commissioners, union agreements, or departmental mandates. Some employees of the Board of Developmental Disabilities, Child Support Enforcement, Sheriff, County Home, and Job and Family Services departments are represented by union agreements. Employees of the Engineer and Children Services departments follow their own departmental policies. All other County employees follow the Commissioners policy.

Each employee accrues 4.6 hours of sick time for each two week pay period worked. Accrual continues during periods of approved paid leave. Unused sick leave is cumulative without limit. Job and Family Services, the Board of Developmental Disabilities (union employees), County Home and Child Support Enforcement employees earn annual leave based on their length of service and can be converted to extended illness leave at the rate of three days credit for each two days of unused leave converted. Upon retirement, with 10 years of service with the County, the State, or any of its political subdivisions, all employees, except for Job and Family Services, the Board of Developmental Disabilities, Child Support Enforcement, and Children Services employees, are paid 25% of their sick leave up to a maximum of 240 hours. The Board of Developmental Disabilities union employees are paid 25% of their extended illness leave not to exceed 480 hours and 50% of their annual leave balance. Job and Family Services employees are paid their total hours times 2/3 times 50% of the final rate of pay up to a maximum of three times the employee's annual leave entitlement. The Board of Developmental Disabilities non-union employees are paid 50% of their sick balance up to a maximum of 480 hours. Child Support Enforcement employees are paid their total hours times 2/3 times 50% of the final rate of pay up to a maximum of 500 hours. Children Services employees with 10 years of service upon retirement or separation are paid up to 1,000 hours of accrued, unused sick leave credit.

Unused vacation time and compensatory time are paid to a terminated employee at varying rates depending on length of service and department policy.

Washington County, Ohio
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C. Insurance Benefits

During 2011, the County participated with the County Employee Benefits Consortium of Ohio, Inc. (CEBCO) (a risk-sharing pool – see Note 18). CEBCO charges a fixed premium per month per enrolled employee. The premiums, along with an administrative charge, are paid into each participating County funds and, in turn, the premiums are paid to CEBCO. Premiums charged by CEBCO are based upon the County's claims experience. An excess coverage policy covers annual individual claims in excess of \$50,000 with an unlimited maximum. CEBCO retains liability for claims that exceed the expected losses and charged premiums.

The County provides employee medical/surgical benefits, life insurance, and accidental death and dismemberment insurance to employees, except Children Services and Board of Developmental Disability, through Anthem Blue Cross/Blue Shield. The plan has \$1,000 single and \$2,000 family deductible limits. Except for employees of the Mental Health, Soldiers Relief, and Health Department, the County pays 80 percent of the total monthly premium for both single and family coverage. The County pays 100 percent for both single and family coverage for employees of the Mental Health Department and Soldiers Relief. The County pays 81 percent for both single and family coverage for employees of the Health Department. Premiums are paid from the same funds that pay the employee's salaries.

For the employees of the Children Services Department, medical/surgical benefits is provided through Medical mutual of Ohio, dental is provided through Delta Dental, and life insurance through Hartford. The County Board of Developmental Disability provides life insurance and accidental death and dismemberment insurance to their employees through CBA Benefit Services, in the amount of \$20,000.

Dental insurance is provided to employees of the Department of Job and Family Services, Child Support Enforcement Agency, the Health Department, and the Children Services Board. Vision insurance is provided to employees of the Department of Job and Family Services and the Child Support Enforcement Agency.

D. Early Retirement Incentive

In prior years, the Washington County Board of Developmental Disabilities approved an early retirement incentive program for employees who are members of the State Teachers Retirement System (STRS). Participation was open to employees who were eligible to retire on July 1, 2005, upon purchase of service credit under the incentive program. The Board purchased five years of service credit for each eligible participant. The Board is paying the liability for the purchased credit in installments. At December 31, 2011, the Early Retirement Incentive was paid in full.

NOTE 14 - CAPITAL LEASES - LESSEE DISCLOSURE

In the current and prior years, the County has entered into capitalized leases for server equipment, copiers, and ballot equipment. The leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee.

Equipment acquired by leases has been capitalized in the government wide statements for governmental activities in the amount of \$456,447, which is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the government wide statements for governmental activities. Capitalized leased assets are reflected net of accumulated depreciation for a book value of \$436,613 as of December 31, 2011. Principal payments for all capital leases during 2011 totaled \$102,919.

Washington County, Ohio
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Future minimum lease payments through 2015 are as follows:

Year	Governmental Activities	
	Principal	Interest
2012	\$77,059	\$9,845
2013	87,185	8,869
2014	90,267	5,787
2015	84,331	2,573
Total	\$338,842	\$27,074

NOTE 15 - LONG-TERM OBLIGATIONS

Changes in the County's long-term obligations during the year consisted of the following:

	Original Issue Amount	Principal Outstanding 12/31/10	Additions	Deductions	Principal Outstanding 12/31/11	Amounts Due within One Year
Governmental Activities:						
General Obligation Bonds:						
1998 - Juvenile Center - 4.4%-5.9%	\$1,800,000	\$950,000	\$0	\$950,000	\$0	\$0
2011 - Various Purpose Refunding Bonds:						
Serial - 2%-2.50%	1,195,000	0	1,195,000	0	1,195,000	160,000
Term - 2.75%	110,000	0	110,000	0	110,000	0
Term - 2.9%	115,000	0	115,000	0	115,000	0
Term - 3.6%	250,000	0	250,000	0	250,000	0
Bond Premium	0	0	18,605	207	18,398	0
Bond Discount	0	0	(11,690)	(130)	(11,560)	0
2004 - Capital Facilities Jail:						
Serial - 2%-4.25%	2,090,000	1,190,000	0	150,000	1,040,000	155,000
Term - 4.05%	385,000	385,000	0	0	385,000	0
Term - 5.75%	925,000	925,000	0	0	925,000	0
Bond Premium	0	83,063	0	6,431	76,632	0
Bond Discount	0	(22,378)	0	(1,732)	(20,646)	0
2009 - Capital Facilities Clerk of Courts - 3.75%						
	193,850	147,688	0	47,429	100,259	49,207
1996 - Building Acquisition - Job and Family Services - 3.75%-5.5%						
	1,740,000	875,000	0	875,000	0	0
Total General Obligation Bonds		4,533,373	1,676,915	2,027,205	4,183,083	364,207
2006 Energy Conservation Bond - 5.00%	440,000	290,000	0	45,000	245,000	45,000
Bond Premium	0	13,799	0	2,332	11,467	0
Compensated Absences - Sick Leave		535,318	58,241	26,840	566,719	1,919
Capital Leases		32,224	409,537	102,919	338,842	77,059
Total Governmental Activities		\$5,404,714	\$2,144,693	\$2,204,296	\$5,345,111	\$488,185

(continued)

Washington County, Ohio
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	Original Issue Amount	Principal Outstanding 12/31/10	Additions	Deductions	Principal Outstanding 12/31/11	Amounts Due within One Year
Business-Type Activities:						
OPWC Loans:						
1995 - Devola Sewer Loan - 0%	\$328,552	\$65,710	\$0	\$16,428	\$49,282	\$8,214
1999 - Cherry Blossom Sewer Loan - 2.00%	80,370	42,164	0	6,139	36,025	2,087
1998 - Barlow Vincent Sewer Plant Loan - 0%	225,000	84,375	0	16,875	67,500	5,625
Total OPWC Loans		<u>192,249</u>	<u>0</u>	<u>39,442</u>	<u>152,807</u>	<u>15,926</u>
1997 - FHA Sewer Loan - 0%	873,000	756,500	0	13,000	743,500	13,500
OWDA Loans:						
2004 - OWDA Sewer Loan - 3.41%	283,227	211,195	0	12,555	198,640	6,439
2009 - OWDA Sewer Planning and Design Loan - 5.45%	97,316	52,470	2,596	39,566	15,500	0
2009 - OWDA River Sewer Rehabilitation Loan - 1.50%	283,024	192,338	78,453	12,417	258,374	6,278
2009 - OWDA Sewer Design Loan - 4.42%	213,544	204,914	3,523	208,437	0	0
2009 - OWDA Oak Grove Sewer Design Loan - 4.42%	383,614	0	19,201	19,201	0	0
2010 - OWDA Devola Sanitary Sewer Improvements Design Loan - 4.42%	403,291	63,572	125,435	19,874	169,133	9,937
2010 - OWDA Lift Station and Sewer Improvements Loan - 1.50%	227,595	26,461	201,134	4,900	222,695	4,937
2011 - OWDA Devola Lift Station Improvements Loan - 3.20%	1,148,117	0	1,148,117	0	1,148,117	0
2011 - OWDA Woodlawn Acres Improvements Design Loan - 3.20%	55,839	0	55,838	0	55,838	0
Total OWDA Loans		<u>750,950</u>	<u>1,634,297</u>	<u>316,950</u>	<u>2,068,297</u>	<u>27,591</u>
Compensated Absences - Sick Leave		<u>742</u>	<u>270</u>	<u>0</u>	<u>1,012</u>	<u>0</u>
Total Business-Type Activity		<u>\$1,700,441</u>	<u>\$1,634,567</u>	<u>\$369,392</u>	<u>\$2,965,616</u>	<u>\$57,017</u>

A. Governmental Activities

The Capital Facilities Clerk of Court Bonds are unvoted and will be retired from the General Bond Retirement Fund with general property tax revenues. The Capital Facilities Jail Bonds are unvoted and will be retired from the General Bond Retirement Fund with permissive sales tax revenues. The Energy Conservation Bonds are unvoted and will be retired with monies realized through energy savings. The capital leases are being paid for by the General Fund. Compensated absences for sick leave liabilities will be paid from the General Fund and the Mental Health, Job and Family Services, Child Support Enforcement Agency, Motor Vehicle and Gasoline Tax, County Home, Board of Developmental Disabilities, Children Services, Dog and Kennel, 911, Court Corrections, Sheriff, Disaster Services, and RSVP Special Revenue Funds.

The Juvenile Center bonds were unvoted and were being retired from the General Bond Retirement Fund with general property tax revenues. The Job and Family Services portion of the Building Acquisition general obligation bonds are unvoted and were being retired from the Bond Retirement Fund with rental payments received from the Job and Family Services Special Revenue Fund. On November 11, 2011,

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these bonds were refunded. The County issued refunding bonds of \$1,670,000 consisting of \$1,195,000 in serial bonds and \$475,000 in term bonds. The bonds will be retired from the original revenue sources of the refunded bonds. The County decreased its total debt service payments of \$30,493 as a result of the current refunding. The County also incurred an economic gain (difference between the present values of the old and new debt service payments) of \$131,386. The bonds were sold at a premium and discount of \$18,605 and \$11,690, respectively, and will be amortized over the term of the bonds. Issuance costs associated with the refunding bonds were \$37,140 and will also be amortized over the term of the bonds.

Refunding Bonds:

Mandatory Redemptions The Refunding Bonds maturing on December 1, 2020, are subject to mandatory sinking fund redemption in part by lot pursuant to the terms of the mandatory sinking fund redemption requirements of the Authorizing Legislation, at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the redemption date, on December 1 of the year shown in, and according to, the following schedule:

<u>Year</u>	<u>Amount</u>
2019	\$55,000

The remaining principal balance of \$55,000 is scheduled to be paid at the stated maturity of the corresponding Term Bond.

The bonds maturing on December 1, 2022, are subject to mandatory sinking fund redemption in part by lot pursuant to the terms of the mandatory sinking fund redemption requirements of the Authorizing Legislation, at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the redemption date, on December 1 of the year shown in, and according to, the following schedule:

<u>Year</u>	<u>Amount</u>
2021	\$55,000

The remaining principal balance of \$60,000 is scheduled to be paid at the stated maturity of the corresponding Term Bond.

The bonds maturing on December 1, 2026, are subject to mandatory sinking fund redemption in part by lot pursuant to the terms of the mandatory sinking fund redemption requirements of the Authorizing Legislation, at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the redemption date, on December 1 of the year shown in, and according to, the following schedule:

<u>Year</u>	<u>Amount</u>
2023	\$60,000
2024	60,000
2025	65,000

The remaining principal balance of \$65,000 is scheduled to be paid at the stated maturity of the corresponding Term Bond.

Term bonds redeemed by other than mandatory redemption, or purchased for cancellation, may be credited against the applicable mandatory redemption requirement for the corresponding Term Bonds.

Optional Redemption The bonds maturing on or after December 1, 2019, are also subject to prior redemption, by and at the sole option of the County, in whole or in part as selected by the County (in whole multiples of \$5,000), on any date on or after December 1, 2018, at a redemption price equal to 100% of the principal amount redeemed, plus interest accrued to the redemption date.

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Jail Bonds:

Mandatory Redemptions The 2004 Jail bond issue consists of serial and term bonds. The term bonds maturing on December 1, 2018, are subject to mandatory sinking fund redemption in part by lot pursuant to the terms of the mandatory sinking fund redemption of the Authorizing Legislation. The mandatory redemption is to occur on December 1, 2017, (with the balance of \$195,000 to be paid at stated maturity on December 1, 2018) at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the redemption date, according to the following schedule:

<u>Year</u>	<u>Amount</u>
2017	\$190,000

The bonds maturing on December 1, 2023, are subject to mandatory sinking fund redemption in part by lot pursuant to the terms of the mandatory sinking fund redemption requirements of the Authorizing Legislation. The mandatory redemption is to occur on December 1 in each of the years 2020 through 2022 (with the balance of \$250,000 to be paid at stated maturity on December 1, 2023) at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the redemption date, according to the following schedule:

<u>Year</u>	<u>Amount</u>
2020	\$210,000
2021	225,000
2022	240,000

Term bonds redeemed by other than mandatory redemption, or purchased for cancellation, may be credited against the applicable mandatory redemption requirement.

Optional Redemption The bonds maturing on or after December 1, 2015, are also subject to prior redemption on or after December 1, 2014, by and at the sole option of the County, either in whole on any date or in part (as selected by the County) on any date and in integral multiples of \$5,000, at par plus accrued interest to the redemption date.

The following is a summary of the County's future annual principal and interest requirements to retire general obligation bonds:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$409,207	\$170,427	\$579,634
2013	421,052	154,441	575,493
2014	385,000	140,577	525,577
2015	395,000	128,077	523,077
2016	410,000	115,177	525,177
2017-2021	1,545,000	389,002	1,934,002
2022-2026	800,000	76,150	876,150
Total	<u>\$4,365,259</u>	<u>\$1,173,851</u>	<u>\$5,539,110</u>

Washington County, Ohio
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B. Business-Type Activity

The Ohio Public Works Commission Devola loan and part of the Cherry Blossom loan will be repaid using revenue from a special assessment assessed upon property owners. In the event of default of the property owners, the County would pay the loan using the operating revenues of the sewer district. The Barlow Vincent Sewer loan, parts of the Cherry Blossom loan, the OWDA Loans, and the FHA loans will be repaid using operating revenues of the sewer district. All of the loans are recorded in the Sewer Enterprise Fund. All of the loans are general obligation except the OWDA Loans.

The 2004 Ohio Water Development Authority (OWDA) Sewer Loan relates to a project for engineering design of various Sewer projects. The loan is payable solely from net revenues along with a onetime charge of \$1,000 per household to the residents in the Oxbow area. The loan is payable through 2024.

The 2009 Ohio Water Development Authority (OWDA) Planning & Design for I & I Remediation Loan relates to a project for engineering and design of the Oxbow and Riverview sewer systems. As of December 31, 2011, this loan has not been fully drawn down and no amortization schedule exists. The County has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The 2009 Ohio Water Development Authority (OWDA) Riverview Sewer Rehabilitation Loan relates to the rehabilitation of sewer lines in the Riverview Community. The County has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The 2009 Ohio Water Development Authority (OWDA) Force Main & Lift Station Design Loan relates to the construction of two lift stations to provide sanitary sewer service to the Devola and Oak Grove communities. This loan was retired during 2011.

The 2009 Ohio Water Development Authority (OWDA) Oak Grove Sewer Design Loan relates to the rehabilitation of sewer lines in the Oak Grove Community. This loan was retired during 2011.

The 2010 Ohio Water Development Authority (OWDA) Devola Sanitary Sewer Improvements Phase II Design Loan relates to the rehabilitation of sewer lines in the Devola Community. As of December 31, 2011, this loan has not been fully drawn down and no amortization schedule exists. The County has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The 2010 Ohio Water Development Authority (OWDA) Lift Station and Sewer Improvements Loan relates to the rehabilitation of sewer lines for the Oxbow Sanitary Sewer System. The County has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The 2011 Ohio Water Development Authority (OWDA) Devola Life Station and Sewer Improvements Loan relates to the rehabilitation of sewer lines for the Devola Sanitary Sewer System. As of December 31, 2011, this loan has not been fully drawn down and no amortization schedule exists. The County has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The 2011 Ohio Water Development Authority (OWDA) Woodlawn Acres Improvements Design Loan relates to the rehabilitation of sewer lines for the Woodlawn Acres area. As of December 31, 2011, this loan has not been fully drawn down and no amortization schedule exists. The County has agreed to set utility rates sufficient to cover OWDA debt service requirements.

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The County has pledged future customer revenues, net of specified operating expenses, to repay \$2,068,297 in OWDA loans issued from 2004 to 2011. Proceeds from these loans provided financing for various sewer projects. The loans are payable solely from customer net revenues and are payable through 2032. Net revenues include all revenues received by the sewer utility less all operating expenses other than depreciation expense. Annual principal and interest payments on the loans are expected to require more than 100 percent of net revenues in future years. The total principal and interest remaining to be paid on the loans is \$2,187,687. Principal and interest payments for the current year were \$329,768, net revenues were \$29,035, and total revenues were \$829,439.

The following is a summary of the County's future annual principal and interest requirements to retire the loans:

Year Ended December 31,	Principal	Interest	Total
2012	\$47,080	\$40,904	\$87,984
2013	82,307	46,912	129,219
2014	83,690	45,379	129,069
2015	76,877	43,802	120,679
2016	71,091	42,261	113,352
2017-2021	336,922	184,043	520,965
2022-2026	318,299	135,064	453,363
2027-2031	287,250	89,164	376,414
2032-2036	220,500	42,592	263,092
2037	52,000	2,340	54,340
Total	<u>\$1,576,016</u>	<u>\$672,461</u>	<u>\$2,248,477</u>

C. Debt Margin

The Ohio Revised Code provides that the net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed one percent of the total valuation of the County. The Code further provides that the total shall never exceed a sum equal to three percent of the first \$100,000,000 of the assessed valuation, plus one and one-half percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus two and one-half percent of such valuation in excess of \$300,000,000. The County's total debt margin was \$26,087,615 and the unvoted debt margin was \$21,967,356 at December 31, 2011.

D. Conduit Debt

Pursuant to State statute, various industrial revenue bonds have been issued for private industry within the County. The proceeds of the industrial revenue bonds are used by the various private industries for new construction or improvements. The bonds are to be repaid by the recipients of the proceeds and do not represent an obligation of the County. As of December 31, 2011, \$90,330,000 of industrial revenue bonds had been issued, and \$64,774,000 of those remained outstanding.

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NOTE 16 – INTERFUND TRANSFERS AND BALANCES

Interfund balances, as of December 31, 2011, consist of the following individual interfund receivables and payables:

<u>Interfund Payable</u>	Interfund Receivable		
	General	Other Governmental Funds	Total
Major Funds:			
General	\$0	\$142	\$142
Job and Family Services	3,862	0	3,862
Sewer	1,017	0	1,017
Other Governmental Funds	35,079	0	35,079
	<u>\$39,958</u>	<u>\$ 142</u>	<u>\$40,100</u>

The interfund payable in the Sewer Enterprise Fund is a result of the General Fund making sewer related expenditures. The remaining interfund receivables/payables are due to lags between the dates interfund goods and services are provided, transactions were recorded in the accounting system, and payments between funds were made.

Interfund transfers for the year ended December 31, 2011, consisted of the following:

<u>Transfer Out</u>	Transfer In			<u>Total</u>
	Major Funds			
	Mental Health and Addiction Recovery Board	Job and Family Services	Other Nonmajor Governmental	
General Fund	\$30,000	\$196,681	\$923,888	\$1,150,569

Transfers were used to move revenues from the fund that Statute or budget requires to collect them to the fund that Statute or budget requires to expend them and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 17 - CONTRACTUAL COMMITMENTS

As of December 31, 2011, the County had a contractual purchase commitment as follows:

<u>Project</u>	<u>Fund</u>	<u>Purchase Commitments</u>	<u>Amounts Paid as of 12/31/2011</u>	<u>Amount Remaining on Contract</u>
Devola Sewer Improvements	Sewer	\$2,031,634	\$1,775,379	\$256,255

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NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS

A. Buckeye Hills-Hocking Valley Regional Development District

The Buckeye Hills-Hocking Valley Regional Developmental District serves as the Area Agency on Aging for Washington, Athens, Hocking, Meigs, Monroe, Morgan, Noble, and Perry Counties. The District was created to foster a cooperative effort in regional planning, programming, and implementing plans and programs. The District is governed by a fifteen member board of directors. The board is composed of one County Commissioner from each county, one member from the City of Athens Council, one member from the City of Marietta Council, four at-large members appointed from the ten government members, and one member from the minority sector. The board has total control over budgeting, personnel, and all other financial matters. The District administers County Community Development Block Grant and Issue II monies. During 2011, the District received \$62,374 in administrative fees from Washington County. The continued existence of the District is not dependent on the County's continued participation and no equity interest exists.

B. Joint Solid Waste District

The County is a member of the Joint Solid Waste District which consists of Washington, Guernsey, Monroe, Morgan, Muskingum, and Noble Counties. The purpose of the District is to make disposal of waste in the six-county area more comprehensive in terms of recycling, incinerating, and land filling. The District was created in 1989 as required by the Ohio Revised Code.

The Joint Solid Waste District is governed and operated through three groups. An eighteen-member board of directors, composed of the three Commissioners from each County, is responsible for the District's financial matters. Financial records were maintained by Muskingum County until May 1993 at which time Noble County assumed the responsibility. The District's sole revenue source is a waste disposal fee for in-district and out-of-district waste. Although the County contributed amounts to the District at the time of its creation, no contributions were received from the County in 2011. No future contributions by the County are anticipated. A thirty-one member policy committee composed of five members from each county and one at-large member appointed by the policy committee, is responsible for preparing the solid waste management plan of the District in conjunction with a Technical Advisory Council whose members are appointed by the Policy Committee. Continued existence of the District is not dependent on the County's continued participation, no equity interest exists, and no debt is outstanding.

C. Washington-Morgan Community Action Corporation

The Community Action Corporation of Washington-Morgan Counties is operated as non-profit organization formed to provide various programs in Washington and Morgan Counties. Currently, the Corporation administers the Family Service and Outreach Program, the Community Action Bus Line (CABL), the Child Development Program, the Senior Nutrition Program, Women, Infants and Children's Supplemental Nutrition Program, the Home Weatherization Assistance and Energy Program, the Job Training and Partnership Act Program, Housing and Urban Development Section 8 Existing Housing Voucher/Certificate Program, and various other state and federal programs. The Corporation is the direct recipient of the federal and state monies. The Corporation is governed by a fifteen member council. The council is composed of the Mayor of the City of Marietta, the Mayor of the City of Belpre, two commissioners from Washington County, one Commissioner from Morgan County, five lower income representatives, and five private sector representatives from Washington and Morgan Counties selected by outreach workers. Currently, the Corporation, by contract with the City of Marietta and Washington and Morgan Counties, provides administrative services to these governments in specific programs. The continued existence of the Corporation is not dependent on the County's continued participation and no equity interest exists.

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D. Washington County Family and Children First Council

The Washington County Family and Children First Council provide services to multi-need youth in Washington County. Members of the Council include the Washington County Health Department, the Regional Office of Youth Services, the Washington County Juvenile Court, the Washington County Mental Health Board, Washington County Children Services, the General Health District, a representative from the City of Marietta Health Department, and a representative of the Washington County School Districts. The operation of the Council is controlled by an advisory committee which consists of a representative from each agency. In 2011, the County contributed \$136,417.

E. Wood, Washington, and Wirt Planning Commission

The Wood, Washington, and Wirt Planning Commission was created to fulfill the requirements governing urban transportation planning under the Federal Highway Administration and Urban Mass Transportation Administration program regulations in Wood, Washington, and Wirt Counties. The Commission was formed pursuant to West Virginia Code Sections and Ohio Revised Code Section 713.30 and serves as a form of a regional planning commission. The Commission is composed of representatives from county and city governments and a cross section of members from the community appointed by the governmental units. Currently, the Commission has eight governmental representatives and one Washington County Commissioner serves on the Commission. Revenues are derived from Federal Highway and Federal Transportation Administration Grants distributed by the States of Ohio and West Virginia. Local governments contribute a ten percent local match. In 2011, the County contributed \$7,563 to the Commission. The continued existence of the Commission is not dependent on the County's continued participation and no equity interest exists.

F. Buckeye Hills Resource Conservation and Development Project

The Buckeye Hills Resource Conservation and Development Project was organized to lead local efforts directed toward improving social and economic conditions of the Buckeye Hills RC&D Area through development, conservation, and proper use of all the resources of the area. It serves Athens, Belmont, Hocking, Meigs, Monroe, Morgan, Noble, Perry, and Washington Counties. The Project is governed by an executive council. The Council is composed of one County Commissioner from each county, one member from the Soil and Water Conservation District of each county, a representative chosen jointly by the county commissioners and Soil and Water Conservation Districts of each county, a member from the Muskingum Watershed Conservancy District, and one member from the Rush Creek Conservancy District. The Council has total control over budgeting, personnel, and all other financial matters. During 2011, the Council received \$700 in administrative fees from Washington County. The continued existence of the District is not dependent on the County's continued participation and no equity interest exists.

G. Mid Eastern Ohio Regional Council of Governments (MEORC)

The Mid Eastern Ohio Regional Council of Governments is a regional council of governments created pursuant to Ohio Revised Code Chapter 167. Participating counties include Belmont, Carroll, Coshocton, Fairfield, Guernsey, Harrison, Hocking, Holmes, Jefferson, Knox, Monroe, Morgan, Muskingum, Noble, Perry, Tuscarawas, and Washington Counties. MEORC was created to provide the best possible services to persons with mental retardation and disability in their respective counties. Each county has representation on the MEORC board. Member counties have a contract between its county DD board and the MEORC for MEORC to provide supported living services or housing to eligible persons in the member counties.

Washington County, Ohio
Notes to the Basic Financial Statements
December 31, 2011

H. Ohio Valley Employment Resource (OVER)

The Ohio Valley Employment Resource (OVER) is a jointly governed organization whereby the three county commissioners from Monroe, Morgan, Noble, and Washington Counties serve on the governing board. OVER was formed for the purpose of creating and providing employment and training programs in response to local need, a part of which is implementation of the Workforce Investment Act, P.L. 105-220. The continued existence of OVER is not dependent upon the County's continued participation and no equity interest or debt exists.

NOTE 19 - RELATED ORGANIZATION

The Washington County Public Library is statutorily created as a separate and distinct political subdivision of the State governed by a board of trustees consisting of seven members. The Washington County Commissioners appoint three members and the Court of Common Pleas appoints the remaining members. The County made no contributions to the Public Library. The board of trustees possesses its own contracting and budgeting authority, hires and fires personnel, and does not depend on the County for operational subsidies. Although the County does serve as the taxing authority of the Library, this is strictly a ministerial function. Once the board of trustees has determined that a levy is necessary, its amount, and its duration, the County must place the levy before the voters. The Library may issue debt or the County may provide facilities for the Library through the issuance of debt if the voters agree.

NOTE 20 - INSURANCE PURCHASING POOLS

A. County Risk Sharing Authority, Inc. (CORSA)

The County Risk Sharing Authority, Inc. (CORSA) is a public entity shared risk pool among fifty-five counties in Ohio. CORSA was formed as an Ohio non-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 losses and pay all contributions necessary for the specified insurance coverages provided by CORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance.

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the Corporation 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. The County does not have an equity interest in or a financial responsibility for CORSA. Any additional premium or contribution amounts and estimates of losses are not reasonably determinable. The County's payment for insurance to CORSA in 2011 was \$303,581.

B. County Employee Benefits Consortium of Ohio, Inc. (CEBCO)

The County participates in the County Employee Benefits Consortium of Ohio, Inc. (CEBCO), an Ohio not-for-profit corporation, and insurance purchasing pool with membership open to Ohio political subdivisions, to collectively pool resources to purchase employee benefits. The County pays, on a monthly basis the annual actuarially determined funding rate. Components of the funding rate include the claims fund contribution, incurred but not reported claims, a claims contingency reserve fund, as well as the fixed cost of the consortium.

Washington County, Ohio
Notes to the Basic Financial Statements
December 31, 2011

The business and affairs of the consortium are governed by a board comprised of representatives of counties that participate in the program. Two thirds of the directors are County Commissioners of the member Counties and one third are employees of member Counties. Each member of the consortium is entitled to one vote. At all times one director is required to be a member of the board of directors of the County Commissioners Association of Ohio and another is required to be a board member of the County Risk Sharing Authority, Inc.

Upon withdrawal from the Consortium, the County will be responsible for paying the funding rates and assessments, if any, that were applicable during the term of the agreement and shall remain responsible for any assessments made by the board for one or more years of the County's participation in CEBCO.

NOTE 21 - RELATED PARTY TRANSACTIONS

Wasco, Inc., a discretely presented component unit of Washington County, received contributions from the County for facilities, certain equipment, transportation, and salaries for administration, implementation, and supervision of its program. These contributions are reflected as operating revenues and operating expenses at cost or fair market value, as applicable, in the Basic Financial Statements in the amount of \$606,754.

NOTE 22 - FOOD STAMPS

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

NOTE 23 - CONTINGENT LIABILITIES

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

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

Washington County, Ohio
Required Supplementary Information
Condition Assessments of the County's Infrastructure
Reported Using the Modified Approach
December 31, 2011

The County reports its roads and bridges infrastructure assets using the modified approach. The following disclosures pertain to the condition assessments and budgeted versus actual expenditures for the preservation of these assets.

County Roads

The condition of road pavement is measured using a Pavement Management system, which assigns a numerical ranking to each road based on the following criteria: pavement surface type, condition, traffic factors, maintenance history and professional judgment. The system rates the condition as follows:

Condition Category	Condition Index Range	Description of Condition
Failed	<30	Impassable, unsafe, needs major reconstruction
Poor	30-45	Passable, marginally safe, needs major repair
Fair	46-60	Average, functions as designed, needs routine maintenance and repair
Good	61-85	Safe and very suitable for its purpose, needs preventative maintenance
Excellent	>85	New or like new, no repair needed

It is the goal of the Washington County Engineer that 90% of the County roads are rated at fair or better condition.

Bridges

Bridges are evaluated annually as required by law and following the Ohio Department of Transportation inspection and inventory guidelines. Bridges are rated by a general appraisal as follows:

Bridge General Appraisal Rating	Description of Condition
9	Excellent, new or like new
8	Very good, no problems
7	Good, minor maintenance deterioration of structural elements
6	Satisfactory, minor deterioration of structural elements
5	Fair, still functioning as designed, minor section loss to structural elements, non-structural deterioration
4	Poor, needs major repair or manitenance, to continue to function, load reduction may be needed.
3	Serious, needs major rehabilitation to continue to function, may need load reduction
2	Critical, not functioning as designed, load reduction, replacement needed
1	Closed

Washington County, Ohio
Required Supplementary Information
Condition Assessments of the County's Infrastructure
Reported Using the Modified Approach
December 31, 2011

It is the goal to maintain the Washington County bridges such that 90% have general appraisals of 5 or higher.

The following summarized the road and bridge conditions as of December 31, 2011, 2010, 2009, and 2008:

Condition Category	Road Condition as of December 31,							
	2011		2010		2009		2008	
	Percent of Roads	Percent Accumulation	Percent of Roads	Percent Accumulation	Percent of Roads	Percent Accumulation	Percent of Roads	Percent Accumulation
Excellent	37%	100%	33%	100%	36%	100%	39%	100%
Good	61%	63%	61%	67%	60%	64%	57%	61%
Fair	2%	3%	4%	6%	4%	4%	3%	4%
Poor	1%	1%	2%	2%	0%	0%	1%	1%
Failed	0%	0%	0%	0%	0%	0%	0%	0%

Bridge General Appraisal	Bridge Condition as of December 31,							
	2011		2010		2009		2008	
	Percent of Bridges	Percent Accumulation	Percent of Bridges	Percent Accumulation	Percent of Bridges	Percent Accumulation	Percent of Bridges	Percent Accumulation
9	2%	2%	2%	2%	0%	0%	2%	2%
8	13%	15%	8%	10%	4%	4%	6%	8%
7	50%	65%	41%	51%	31%	35%	23%	31%
6	27%	2%	35%	86%	44%	79%	42%	73%
5	7%	99%	10%	96%	16%	95%	18%	91%
4	1%	100%	4%	100%	5%	100%	8%	99%
3	0%	100%	0%	100%	0%	100%	1%	100%
2	0%	100%	0%	100%	0%	100%	0%	100%
1	0%	100%	0%	100%	0%	100%	0%	100%

Budget versus actual expenditures for roads and bridges maintenance for 2011, 2010, 2009, and 2008:

Total Road and Bridge Maintenance Expense	Budgeted	Actual	Difference
2011	\$4,423,983	\$3,644,083	\$779,900
2010	5,940,672	4,467,918	1,472,754
2009	4,594,964	3,726,816	868,148
2008	4,692,793	4,076,340	616,453

WASHINGTON COUNTY

FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2011

FEDERAL GRANTOR <i>Pass Through Grantor</i>	Pass-Through Entity Number or	Federal CFDA	
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
<i>Passed Through Ohio Department of Job and Family Services:</i>			
SNAP Cluster:			
State Administrative Grants for the Supplemental Nutrition Assistance Program	G-1011-11-5128/G-1213-11-0128	10.561	\$ 380,639
Total SNAP Cluster			<u>380,639</u>
<i>Passed Through Ohio Department of Education:</i>			
Child Nutrition Cluster:			
Cash Assistance:			
School Breakfast Program	2010/2011	10.553	18,486
National School Lunch Program	2010/2011	10.555	26,554
Summer Food Service Program for Children	2010/2011	10.559	23,122
Total Child Nutrition Cluster			<u>68,162</u>
Total U.S. Department of Agriculture			448,801
<u>U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
<i>Passed Through Ohio Department of Development:</i>			
Community Development Block Grants - State's Program Cluster			
Community Development Block Grants - State's Program	B-F-08-077-1	14.228	2,015
	B-F-09-077-1	14.228	78,559
	B-F-10-1CY-1	14.228	158,972
	B-C-10-1CY-1	14.228	62,060
ARRA - Community Development Block Grants - State's Program	B-R-09-077-1	14.255	108,258
Total Community Development Block - State's Program Cluster			<u>409,864</u>
HOME Investment Partnerships Program	B-C-08-077-2	14.239	1,751
	B-C-10-1CY-2	14.239	107,607
Total HOME Investment Partnerships Program			<u>109,358</u>
Total U.S. Department of Housing and Urban Development			519,222
<u>U.S. DEPARTMENT OF JUSTICE</u>			
<i>Passed Through Ohio Office of Criminal Justice Services:</i>			
Edward Byrne Memorial Justice Assistance Grant Programs Cluster:			
Edward Byrne Memorial Justice Assistance Grant Program	2009-JG-OPD-3752	16.738	15,000
	2010-JG-A02-6805		26,261
	2010-JG-LLE-5147		15,000
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program - Grants to States and Territories	2009-RA-C01-2093	16.803	23,573
Total Edward Byrne Memorial Justice Assistance Grant Programs Cluster			<u>79,834</u>
ARRA - Violence Against Women Formula Grants	2009-AR-VA4-1268	16.588	7,397
<i>Passed Through Ohio Attorney General's Office:</i>			
Crime Victim Assistance			
	2011VAGENE253	16.575	16,350
	2012VAGENE253		5,479
Total Crime Victim Assistance			<u>21,829</u>
Total U.S. Department of Justice			109,060
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
<i>Direct Award:</i>			
Federal Transit - Formula Grants	OH-90-0716	20.507	232,173
	OH-90-0697		36,310
ARRA - Federal Transit - Formula Grants	OH-96-X028-00	20.507	63,615
Total Federal Transit - Formula Grants			<u>332,098</u>

WASHINGTON COUNTY

FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Pass-Through Entity Number or Grant Year	Federal CFDA Number	Disbursements
<u>U.S. DEPARTMENT OF TRANSPORTATION (Continued)</u>			
<i>Passed Through Ohio Department of Transportation:</i>			
<i>Highway Planning and Construction Cluster:</i>			
Highway Planning and Construction	PID #83703	20.205	5,262
	PID #85040	20.205	290,217
	PID #88588	20.205	67,555
	PID #89455	20.205	8,998
	PID #90189	20.205	8,880
	PID #91481	20.205	12,291
	PID #91482	20.205	9,995
Total Highway Planning and Construction Cluster			403,198
<i>Passed Through Ohio Department of Public Safety:</i>			
State and Community Highway Safety	HVEO-2011-84-00-00-00471-00	20.600	31,296
	HVEO-2012-84-00-00-00450-00		7,271
Total State and Community Highway Safety			38,567
Total U.S. Department of Transportation			773,863
<u>U.S. DEPARTMENT OF EDUCATION</u>			
<i>Passed Through Ohio Department of Education:</i>			
<i>Special Education Cluster:</i>			
Special Education - Grants to States	2011	84.027	41,129
Special Education - Preschool Grants	2011	84.173	12,530
Total Special Education Cluster			53,659
<i>Passed Through Ohio Department of Health</i>			
<i>Early Intervention Services (IDEA) Cluster</i>			
Special Education - Grants for Infants and Families	08410021HG0209	84.181	2,358
	08410021HG0312	84.181	6,235
ARRA - Special Education - Grants for Infants and Families	08410021HA0211	84.393A	30,201
Total Early Intervention Services (IDEA) Cluster			38,794
<i>Passed Through Ohio Rehabilitation Services Commission:</i>			
Rehabilitation Services - Vocational Rehabilitation Grants to States	2011	84.126	222,793
	2012		64,596
Total Rehabilitation Services - Vocational Rehabilitation Grants to States			287,389
Total U.S. Department of Education			379,842
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
<i>Social Services Block Grant</i>			
<i>Passed Through Ohio Department of Developmental Disabilities:</i>			
Social Services Block Grant	2011	93.667	30,193
<i>Passed Through Ohio Department of Mental Health:</i>			
Social Services Block Grant	2011	93.667	32,773
Total Social Services Block Grant			62,966
<i>State Children's Insurance Program</i>			
<i>Passed Through Ohio Department of Alcohol and Drug Addiction Services:</i>			
State Children's Insurance Program	N/A	93.767	28,329
<i>Title XIX - Medical Assistance Program</i>			
<i>Passed Through Ohio Department of Developmental Disabilities:</i>			
Medical Assistance Program	N/A	93.778	163,101
ARRA - Medical Assistance Program	N/A	93.778	59,078
<i>Passed Through Ohio Department of Alcohol and Drug Addiction Services:</i>			
Medical Assistance Program	N/A	93.778	186,096
ARRA - Medical Assistance Program	N/A	93.778	16,050
<i>Passed Through Ohio Department of Mental Health:</i>			
Medical Assistance Program	N/A	93.778	1,544,156
ARRA - Medical Assistance Program	N/A	93.778	137,709
Total Title XIX - Medical Assistance Program			2,106,190

WASHINGTON COUNTY

FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Pass-Through Entity Number or Grant Year	Federal CFDA Number	Disbursements
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)</u>			
<i>Passed Through Ohio Department of Alcohol and Drug Addiction Services:</i>			
Block Grants for Prevention and Treatment of Substance Abuse - Substance Abuse Prevention and Treatment Block Grant	2011	93.959	127,703
	2012		44,522
Women's Setaside	84-2293-WOMENP-P-11-9011	93.959	22,449
	84-2293-WOMENP-P-12-9011		7,483
Total Block Grants for Prevention and Treatment of Substance Abuse			<u>202,157</u>
<i>Passed Through Ohio Department of Mental Health</i>			
Child Care and Development Block Grant	2011	93.575	16,506
	2012		12,000
Total Child Care and Development Block Grant			<u>28,506</u>
Block Grants for Community Mental Health Services	2011	93.958	29,963
	2012		19,866
Total Block Grants for Community Mental Health Services			<u>49,829</u>
<i>Passed Through Ohio Department of Job and Family Services:</i>			
Promoting Safe and Stable Families	G-1011-11-5130/G-1213-11-0130	93.556	99,150
Temporary Assistance for Needy Families	G-1011-11-5128/G-1213-11-0128	93.558	1,858,265
Child Support Enforcement	G-1011-11-5129/G-1213-11-0129	93.563	500,342
CCDF Cluster:			
Child Care and Development Block Grant	G-1011-11-5128/G-1213-11-0128	93.575	9,232
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	G-1011-11-5128/G-1213-11-0128	93.596	46,339
Total CCDF Cluster			<u>55,571</u>
Stephanie Tubbs Jones Child Welfare Services Program	G-1011-11-5130/G-1213-11-0130	93.645	57,162
Foster Care - Title IV-E	G-1011-11-5130/G-1213-11-0130	93.658	358,528
ARRA - Foster Care - Title IV-E	N/A	93.658	3,386
Total Foster Care - Title IV-E			<u>361,914</u>
Adoption Assistance	G-1011-11-5130/G-1213-11-0130	93.659	286,514
Social Services Block Grant	G-1011-11-5128/G-1213-11-0128	93.667	425,485
Child Abuse and Neglect State Grants	G-1011-11-5130/G-1213-11-0130	93.590	2,000
Chafee Foster Care Independence Program	G-1011-11-5130/G-1213-11-0130	93.674	14,510
Children's Health Insurance Program (SCHIP)	G-1011-11-5128/G-1213-11-0128	93.767	6,411
Medical Assistance Program	G-1011-11-5128/G-1213-11-0128	93.778	463,530

WASHINGTON COUNTY

FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Pass-Through Entity Number or Grant Year	Federal CFDA Number	Disbursements
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)</u>			
<i>Passed Through Ohio Secretary of State:</i>			
Voting Access for Individual's with Disabilities - Grants to States	HHS Grant Funds	93.617	3,498
Total U.S. Department of Health and Human Services			6,612,329
<u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u>			
<i>Direct Award:</i>			
Retired and Senior Volunteer Program	10SRNOH006	94.002	43,736
Total Corporation for National and Community Service			43,736
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
<i>Passed Through Ohio Emergency Management Agency</i>			
Homeland Security Grant Program	2008-GE-T8-0025	97.067	77,392
Emergency Management Performance Grant	2010-EP-00-0003	97.042	36,112
Disaster Grant - Public Assistance	FEMA -4002-DR-167-99167	97.036	111,129
Total U.S. Department of Homeland Security			224,633
Total Federal Awards Expenditures			\$ 9,111,486

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

WASHINGTON COUNTY

NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – SUBRECIPIENT MONITORING

The County passes certain federal awards received from the U.S. Department of Transportation, Ohio Department of Job and Family Services, and Ohio Department of Development to other governments or not-for-profit agencies (subrecipients). As Note A describes, the County reports expenditures of Federal awards to subrecipients when paid in cash.

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

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

The County has a revolving loan fund (RLF) program to provide low-interest loans to eligible persons for water and sewer rehabilitation. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the County passed through the Ohio Department of Development. Loans repaid, including interest, are used to make additional loans. Subsequent loans are subject to the same compliance requirements imposed by HUD as the initial loans.

These loans are collateralized by mortgages on the property. At December 31, 2011, the gross amount of loans outstanding under this program was \$2,076.

NOTE E – 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 F – OHIO DEPARTMENT OF DEVELOPMENTAL DISABILITIES MEDICAID ADJUSTMENT

During the calendar year, the County received a deferred payment from the Ohio Department of Developmental Disabilities (DODD) for the Medicaid program (CFDA # 93.778) in the amount of \$51,746. The deferred payment was for Medicaid Administrative Claiming (MAC) and Waiver Administrative Claiming (WAC) expenses the County incurred in prior reporting periods due to an increase of federal funding received by DODD to reimburse these expenses and also due to changes in the County's Medicaid Eligibility Rate (MER) for certain activity codes within MAC/WAC. This revenue is not listed on the County's Schedule of Federal Awards since the underlying expenses occurred in prior reporting periods.

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Dave Yost • Auditor of State

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

Washington County
205 Putnam Street
Marietta, Ohio 45750

To the Board of County Commissioners:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate discretely presented component unit and remaining fund information of Washington County, Ohio (the County), as of and for the year ended December 31, 2011, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 12, 2012, wherein we noted the County has adopted Governmental Accounting Standards Board Statement No. 54. Our report refers to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Other auditors audited the financial statements of WASCO, Inc., in accordance with auditing standards generally accepted in the United States of America and not in accordance with *Government Auditing Standards* and accordingly this report does not extend to that component unit.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We did note certain matters not requiring inclusion in this report that we reported to the County's management in a separate letter dated September 12, 2012.

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

September 12, 2012



Dave Yost • Auditor of State

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

Washington County
205 Putnam Street
Marietta, Ohio 45750

To the Board of County Commissioners:

Compliance

We have audited the compliance of Washington County, Ohio (the County), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the County's major federal programs for the year ended December 31, 2011. The *Summary of Auditor's Results* section of the accompanying Schedule of Findings and Questioned Costs identifies the County's major federal programs. The County's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on the County's compliance based on our audit.

The County's basic financial statements include the operations of WASCO, Inc., a discretely presented component unit. Our audit of Federal awards, described below, did not include the operations of Wasco, Inc., because the component unit is legally separate from the primary government which this report addresses, and because it expended less than \$500,000 of Federal awards for the year ended December 31, 2011, it was not subject to OMB Circular A-133 audit requirements.

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

In our opinion, Washington County complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with these requirements that, while not affecting our opinion on compliance, OMB Circular A-133 requires us to report. The accompanying Schedule of Findings and Questioned Costs lists these instances as Findings 2011-01 through 2011-03.

Internal Control Over Compliance

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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2011-01 through 2011-03 to be material weaknesses.

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

We also noted a matter involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the County's management in a separate letter dated September 12, 2012.

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



Dave Yost
Auditor of State

September 12, 2012

WASHINGTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2011

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	Yes
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	<ul style="list-style-type: none"> - Community Development Block Grants – State's Program Cluster, CFDA 14.228, 14.255 - Temporary Assistance for Needy Families, CFDA #93.558 - Rehabilitation Services – Vocational Rehabilitation Grants to States, CFDA #84.126 - Medical Assistance Program, CFDA # 93.778
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

There were no findings related to the financial statements required to be reported.

WASHINGTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2011
(Continued)

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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1. Cash Management

Finding Number	2011-01
CFDA Title and Number	Community Development Block Grant – States Program - #14.228
Federal Award Number / Year	B-F-09-1CY-1 B-F-10-1CY-1 B-R-09-1CY-1 B-C-10-1CY-1
Federal Agency	U.S. Department of Housing and Urban Development
Pass-Through Agency	Ohio Department of Development

Noncompliance and Material Weakness

The Ohio Department of Development, Office of Housing and Community Partnerships' (OHCP) Financial Management Rules and Regulations, Section (A)(3)(f)) states, in part, that grantees must develop a cash management system to ensure compliance with the 15-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 15 days of receipt of any funds.

Our tests noted the County did not always disburse CDBG funds within fifteen days. Of the eighteen requests for payment made during fiscal year 2011, there were six instances in which sufficient disbursements were not made within the 15-day period to reduce the balance on hand to less than \$5,000. We noted balances fifteen days after the receipts noted above ranging from \$9,473 to \$48,051. This could result in program income being paid by the grantor.

We recommend the County ensure its compliance with the Fifteen Day Rule and disburse funds within fifteen days of receipt. We further recommend the County review the aforementioned section in the OHCP Financial Management Rules and Regulations handbook.

Official's Response: The County Commissioners and Administrator will monitor actual cash needs more closely to avoid carrying excessive balances beyond the time allowed by the grantor. Additionally, all vouchers subject to this rule will be clearly marked prior to submission to the County Auditor for payment.

WASHINGTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2011
(Continued)

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)
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2. Activities Allowed or Unallowed

Finding Number	2011-02
CFDA Title and Number	Rehabilitation Services – Vocational Rehabilitation Grants to States - #84.126
Federal Award Number / Year	2011
Federal Agency	U.S. Department of Education
Pass-Through Agency	Ohio Rehabilitation Services Commission

Noncompliance and Material Weakness and Questioned Cost

2 C.F.R. Part 225 (formerly known as OMB Circular A-87), Appendix B, paragraph (8)(h)(4) states where employees work on multiple activities or cost objectives, a distribution of their salaries and wages will be supported by personnel activity reports or equivalent documentation. Such documentary support will be required where employees work on:

- More than one federal award;
- A federal award and a non Federal Award.

2 C.F.R. Part 225, Appendix B, paragraph (8)(h)(5) states that personnel activity reports or equivalent documentation must meet the following standards:

- They must reflect an after the fact distribution of the actual activity of each employee;
- They must account for the total activity for which each employee is compensated;
- They must be prepared at least monthly and must coincide with one or more pay periods; and,
- They must be signed by the employee.

2 C.F.R. Part 225, Appendix A, paragraph (B)(11) defines a single cost objective as one function, organizational subdivision, contract, grant, or other activity for which cost data are needed and for which costs are incurred.

These requirements are applicable to both Federal and state grants administered from Ohio Department of Education resources.

During fiscal year 2011, the Washington County Board of Developmental Disabilities did not provide sufficient personnel activity reports (timesheets) or equivalent documentation for the VRP 3 Grant Supervisor whose time was submitted to Ohio Rehabilitation Services Commission (ORSC) for reimbursement in the amount of \$20,057.

The County Board of Developmental Disabilities is required to provide time and effort documentation for any employee which is paid from more than one source. This time and effort documentation must be contemporaneous and reflective of actual hours worked. A special system designed to meet this requirement is not required if the local entity can provide clear, concise and unambiguous documentation that the standard was met.

Therefore, we have identified \$20,057 of known questioned costs for the VRP 3 Grant.

WASHINGTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2011
(Continued)

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)
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2. Activities Allowed or Unallowed (Continued)

Noncompliance and Material Weakness and Questioned Cost - 2 C.F.R. Part 225, Appendix B, paragraph (8)(h)(4) (Continued)

We also determined that the VRP3 Grant Manager's salary was charged to the VRP 3 and the Washington County Board of Developmental Disabilities Fund. The VRP 3 Grant Manager spent 100% of her time on VRP3 grant activities. This would meet the single cost objective, allowing this employee to file semi-annual certifications in lieu of personal activity reports. This employee did not have semi-annual certifications or personal activity reports on file for the audit period.

We recommend the Washington County Board of Developmental Disabilities implement procedures to ensure personal activity reports (timesheets) or equivalent documentation are completed for employees who work on more than one federal award or a federal award and a non-federal award. The Ohio Rehabilitation Services Commission could be contacted for guidance as to whether specific circumstances meet the definition of a single cost objective. Semi-annual certifications may be used in lieu of time and effort documentation only in cases where the employee is conducting work under one cost objective and is funded from only one source.

Official's Response: The Washington County Board of Developmental Disabilities (WCBDD) provided timesheets for personnel working on more than one source of revenue but was unaware of the additional requirement of daily documentation of work performed. Nor was WCBDD aware of the requirement of completing a weekly or monthly personnel activity report in which all of the time worked by the employee was to be summarized to show total time for each federal program versus other activities.

WCBDD was also unaware of the requirement for semi-annual certifications for employees who worked 100% of their time for the Rehabilitation Services Commission VRP3 Program.

Once WCBDD Fiscal Department became aware of this requirement, the finding was corrected for the 2012 fiscal year.

3. Allowable Costs/Cost Principles

Finding Number	2011-03
CFDA Title and Number	Rehabilitation Services – Vocational Rehabilitation Grants to States - #84.126
Federal Award Number / Year	2011
Federal Agency	U.S. Department of Education
Pass-Through Agency	Ohio Rehabilitation Services Commission

WASHINGTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2011
(Continued)

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)
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3. Allowable Costs/Cost Principles (Continued)

Noncompliance and Material Weakness and Questioned Cost - 34 C.F.R. Part 75.560 (b) (Continued)

34 C.F.R. Part 75.560 (b) states that a grantee must have obtained a current indirect cost rate agreement from its cognizant agency, to charge indirect costs to a grant.

The Washington County Board of Developmental Disabilities entered into a VRP3 Cooperative Agreement with the Ohio Rehabilitation Services Commission for the periods of October 1, 2010 through September 30, 2011 and October 1, 2011 through September 30, 2012 to provide vocational rehabilitation services to individuals with disabilities.

We noted \$25,509.53 in indirect costs was expended during the period of January 1, 2011 through December 31, 2011. This amount represented thirteen percent of total direct costs charged. However, no indirect cost rate had been negotiated by a cognizant federal agency nor was there any detailed documentation supporting these costs.

We recommend the Washington County Board of Developmental Disabilities follow the federal code of regulations 34 C.F.R. Part 75.560 (b) in regards to charging any indirect costs to a federal program.

Official's Response: The Business Manager attempted to locate an indirect cost allocation rate for Washington County and found that 'most county governmental agencies' do not have such a rate, the approved budget through the Rehabilitation Services Commission allowed a 13% charge of the grant total for indirect expenditures. Upon finding that other county boards of development were invoicing and receiving 1/12 of the allowed percentage each month, WCBDD followed suit. Actual expenditure documentation was retained when available.

As of October 1, 2011 (FY12), WCBDD corrected this by invoicing indirect costs for actual expenditures only and maintaining documentation for such.

WASHINGTON COUNTY
SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 § .315 (b)
DECEMBER 31, 2011

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	Finding for recovery for public monies illegally expended was issued against Jolena Best, former CSEA Fiscal Communication Supervisor, in the amount of \$468, in favor of the CSEA Fund of Washington County	No	Not corrected. As of December 31, 2011, no payments have been made.
2009-001	Finding for recovery for public property converted or misappropriated was issued against Charles Moody, former Maintenance Supervisor, in the amount of \$67,593, in favor of the General Fund of Washington County.	No	Not corrected. As of December 31, 2011 the County has recovered \$53,170.
2009-003/2010-002	Federal noncompliance, Material Weakness and Federal Questioned Cost for excess JFS rent paid with federal dollars.	Yes	N/A
2010-001	Finding for Recovery for public monies illegally expended was issued against various County Home employees relating to sick leave buyback. County Home Administrator, Ted Williams, was jointly and severally liable in the amount of \$968. Mr. Williams repaid the finding in full on 9/8/11.	Yes	N/A

WASHINGTON COUNTY
CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
DECEMBER 31, 2011

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2011-01	The County Commissioners and Administrator will monitor actual cash needs more closely to avoid carrying excessive balances beyond the time allowed by the grantor. Additionally, all vouchers subject to this rule will be clearly marked prior to submission to the County Auditor for payment.	Immediately	Paul Cunningham, Administrator
2011-02	The WCBDD Fiscal Department will require employees working on more than one activity code and who are compensated from federal funds to prepare and sign time and effort logs documenting actual time worked on each activity code. Furthermore, WCBDD will require those employees who work under only one activity code and who are paid from federal funds to prepare semi-annual certifications as required by OMB Circular A-87.	Immediately	Brenda Riffe, Business Manager
2011-03	WCBDD corrected this by invoicing indirect costs for actual expenditures only and maintaining documentation for such	October 1, 2011	Brenda Riffe, Business Manager

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Dave Yost • Auditor of State

WASHINGTON COUNTY FINANCIAL CONDITION

WASHINGTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
SEPTEMBER 25, 2012