



Dave Yost • Auditor of State



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

## INDEPENDENT ACCOUNTANTS' REPORT

Gallia County  
18 Locust Street  
Gallipolis, Ohio 45631

To the Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of Gallia County, Ohio (the County), as of and for the year ended December 31, 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 conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of Gallia County, Ohio, as of December 31, 2011, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General, Motor Vehicle Gasoline Tax, Job and Family Services, Board of Developmental Disabilities, and Community Development Block Grant Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3 to the financial statements, Gallia County implemented Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* which resulted in restatements to January 1, 2011 balances. Also, as of January 1, 2011, the County restated its governmental activities' net assets as a result of changing its approach to infrastructure asset reporting from the depreciation approach to the modified approach.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 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.

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

Management has omitted a schedule of the assessed condition of infrastructure for the three most recent assessments, estimate as of the beginning of five most recent years of amounts to maintain at the established level, actual maintenance amounts spent for five most recent years, and the condition at which the County intends to preserve infrastructure that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

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



**Dave Yost**  
Auditor of State

October 4, 2012

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

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The discussion and analysis of Gallia County's financial performance provides an overall review of the County's financial activities for the year ended December 31, 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 fiscal year 2011 are as follows:**

- In total, net assets increased \$5,748,556. Net assets of governmental activities increased \$5,739,348, or 15.1 percent from 2010. Net assets of business-type activities increased \$9,208, or 0.2 percent from 2010.
- In total, assets increased \$6,555,889. Governmental activities assets increased \$6,192,612, while the business-type activities assets increased \$363,277.
- Overall, capital assets increased \$5,403,012. Total capital assets of governmental activities increased \$3,648,249, or 11.2 percent. Capital assets of business-type activities increased \$1,754,763, or 19.5 percent.
- In total, liabilities increased \$807,333. Total liabilities of governmental activities increased \$453,264. Total liabilities of business-type activities increased \$354,069 from 2010.

## **USING THIS ANNUAL FINANCIAL REPORT**

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the financial position of Gallia County.

The statement of net assets and the statement of activities provide information about the activities of the County as a whole, presenting both an aggregate and a longer-term view of the County.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. Fund financial statements report the County's most significant funds individually and the County's non-major funds in a single column.

### ***Reporting Gallia County as a Whole***

#### *Statement of Net Assets and Statement of Activities*

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 Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

These statements report the County's net assets and changes in those assets. This 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 worsened. Over time, these changes are one indicator of whether the financial position is improving or deteriorating. However, in evaluating the overall position of the County, non-financial information, such as the condition of the County's capital assets and changes in the County's property tax base will also need to be evaluated.

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In the Statement of Net Assets and the Statement of Activities, the County is divided into two kinds of activities:

- **Governmental Activities** – Most of the County's programs or services are reported here, including legislative and executive, judicial, public safety, public works, health, human services, and economic development. These services are funded primarily by taxes and intergovernmental receipts, including federal and state grants and other shared revenues.
- **Business-Type Activities** – These services are provided on a charge for goods or services basis. Sewer services have charges based on the amounts of usage. The County charges fees to recoup the cost of the entire operation or our sewer treatment operations, as well as all capital expenses associated with these facilities and equipment.

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

***Reporting the Gallia County's Most Significant Funds***

*Fund Financial Statements*

The basic governmental fund financial statements begin on page 15. Fund financial reports provide detailed information about the County's major funds. Based upon restrictions on the use of monies, the County has established many funds which account for the multitude of services provided to our residents. However, these fund financial statements focus on the County's most significant funds. In the case of Gallia County, our major funds are the General Fund; the Motor Vehicle Gasoline Tax, Job and Family Services, Board of Developmental Disabilities, and Community Development Block Grant Special Revenue Funds; the Capital Projects Issue I Capital Projects Fund; and the Sewer Enterprise Fund.

**Governmental Funds** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as balances of spendable resources available at the end of the year. Such information may be useful in evaluating the County's near-term financing requirements.

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

The County maintains a number of individual governmental funds. Information for major funds, identified earlier, is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single aggregated presentation.

**Proprietary Funds** The County uses enterprise funds to account for its sewer operations. For these operations, the County charges a fee to customers, based upon the amount of usage, to recover the costs of the services provided, and to cover the capital assets associated with the services.



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**GALLIA COUNTY AS A WHOLE**

Recall that the Statement of Net Assets provides the perspective of the County as a whole. Table 1 provides a summary of the County's net assets for 2011 compared to 2010.

(Table 1)  
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010 *	2011	2010	2011	2010 *
<b>Assets</b>						
Current and Other Assets	\$16,602,206	\$14,078,003	\$550,866	\$1,942,352	\$17,153,072	\$16,020,355
Capital Assets, Net	36,150,120	32,501,871	10,751,840	8,997,077	46,901,960	41,498,948
<i>Total Assets</i>	<u>52,752,326</u>	<u>46,579,874</u>	<u>11,302,706</u>	<u>10,939,429</u>	<u>64,055,032</u>	<u>57,519,303</u>
<b>Liabilities</b>						
Current and Other Liabilities	5,678,798	4,865,785	157,249	471,009	5,836,047	5,336,794
Long-Term Liabilities:						
Due within One Year	678,576	772,982	62,339	39,204	740,915	812,186
Due in More than One Year	2,708,744	2,994,247	5,009,170	4,364,476	7,717,914	7,358,723
<i>Total Liabilities</i>	<u>9,066,118</u>	<u>8,633,014</u>	<u>5,228,758</u>	<u>4,874,689</u>	<u>14,294,876</u>	<u>13,507,703</u>
<b>Net Assets</b>						
Invested in Capital Assets, Net of Related Debt	33,866,044	30,496,776	5,675,852	4,444,597	39,541,896	34,941,373
Restricted for:						
Road and Bridges	2,953,192	2,774,072	0	0	2,953,192	2,774,072
Board of Developmental Disabilities	990,834	822,308	0	0	990,834	822,308
Community and Economic Development	1,670,021	530,244	0	0	1,670,021	530,244
Other Purposes	2,429,023	2,324,830	0	0	2,429,023	2,324,830
Unrestricted	1,777,094	998,630	398,096	1,620,143	2,175,190	2,618,773
<i>Total Net Assets</i>	<u>\$43,686,208</u>	<u>\$37,946,860</u>	<u>\$6,073,948</u>	<u>\$6,064,740</u>	<u>\$49,760,156</u>	<u>\$44,011,600</u>

\* - As restated, see Note 3

Total governmental activities assets increased \$6,192,612. This is primarily due to increases in capital assets in the amount of \$3,648,249, property taxes receivable of \$895,700, intergovernmental receivables of \$701,566, and loans receivable of \$834,013. The increases in capital assets are due to the purchase of the Davis Lot land and road and bridge improvements. Increases in property taxes receivable are due to the sextennial revaluation that took effect in 2011. The intergovernmental receivable increased due to additional Federal Emergency Management Agency reimbursements and Community Housing Improvement Program Funding. The increase in loans receivable is due to the sale of the speculative building in 2011 to the Ohio Valley Trackwork, Inc.. The speculative building was constructed with funding from both local and state sources with the intention of private industry purchasing the facility to either expand or create employment opportunities in Gallia County.

Total governmental activities liabilities increased \$453,264.

Total business-type activities assets increased \$363,277. This was due to an increase in capital assets of 1,754,763 combined with a decrease in intergovernmental receivable in the amount of \$1,380,212, both of which are the result of the continuing construction of the Kanauga-Addision, and Mercerville sewer projects.

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For business-type activities, liabilities increased \$354,069. This is primarily the result of increases in long-term liabilities \$667,829, offset by decreases to contracts and retainage payable in the amounts of \$165,169 and \$152,893, respectively. The changes are all the result of the completion of the Mercerville Sewer System and the ongoing construction of the Kanauga/Addison Sewer system.

Table 2 reflects the change in net assets of the current year from the prior year.

(Table 2)  
 Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010 *	2011	2010	2011	2010 *
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$5,407,558	\$5,322,665	\$335,610	\$287,255	\$5,743,168	\$5,609,920
Operating Grants, Contributions and Interest	13,739,639	11,666,184	0	0	13,739,639	11,666,184
Capital Grants and Contributions	3,880,009	1,626,126	49,451	500,614	3,929,460	2,126,740
<i>Total Program Revenues</i>	<u>23,027,206</u>	<u>18,614,975</u>	<u>385,061</u>	<u>787,869</u>	<u>23,412,267</u>	<u>19,402,844</u>
General Revenues						
Property Taxes	3,336,119	2,978,940	0	0	3,336,119	2,978,940
Sales Taxes	4,663,175	4,072,767	0	0	4,663,175	4,072,767
Grants and Entitlements	917,946	1,300,057	0	0	917,946	1,300,057
Interest	267,110	321,253	8,539	8,846	275,649	330,099
Insurance Recoveries	87,898	0	0	0	87,898	0
Miscellaneous	480,431	448,281	2,990	1,815	483,421	450,096
<i>Total General Revenues</i>	<u>9,752,679</u>	<u>9,121,298</u>	<u>11,529</u>	<u>10,661</u>	<u>9,764,208</u>	<u>9,131,959</u>
<b>Total Revenues</b>	<u>32,779,885</u>	<u>27,736,273</u>	<u>396,590</u>	<u>798,530</u>	<u>33,176,475</u>	<u>28,534,803</u>
<b>Program Expenses</b>						
General Government:						
Legislative and Executive	5,174,188	3,798,465	0	0	5,174,188	3,798,465
Judicial	1,754,591	1,590,159	0	0	1,754,591	1,590,159
Public Safety	5,479,528	5,878,792	0	0	5,479,528	5,878,792
Public Works	3,700,326	5,420,893	0	0	3,700,326	5,420,893
Health	3,037,929	3,053,315	0	0	3,037,929	3,053,315
Human Services	6,770,193	5,987,290	0	0	6,770,193	5,987,290
Community and Economic Development	1,013,548	769,151	0	0	1,013,548	769,151
Interest and Fiscal Charges	110,234	96,824	0	0	110,234	96,824
Sewer	0	0	387,382	433,988	387,382	433,988
<i>Total Program Expenses</i>	<u>27,040,537</u>	<u>26,594,889</u>	<u>387,382</u>	<u>433,988</u>	<u>27,427,919</u>	<u>27,028,877</u>
<i>Increase (Decrease) in Net Assets</i>	<u>5,739,348</u>	<u>1,141,384</u>	<u>9,208</u>	<u>364,542</u>	<u>5,748,556</u>	<u>1,505,926</u>
<i>Net Assets at Beginning of Year</i>	<u>37,946,860</u>	<u>36,805,476</u>	<u>6,064,740</u>	<u>5,700,198</u>	<u>44,011,600</u>	<u>42,505,674</u>
<i>Net Assets at End of Year</i>	<u>\$43,686,208</u>	<u>\$37,946,860</u>	<u>\$6,073,948</u>	<u>\$6,064,740</u>	<u>\$49,760,156</u>	<u>\$44,011,600</u>

\* - As restated, see Note 3

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

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**Governmental Activities**

Program revenues accounted for 70.2 percent of total revenues for governmental activities in 2011, therefore, governmental activities services are primarily funded through these program revenues, with operating and capital grants accounting for \$17,619,648 or 53.7 percent of total revenues. The major recipients of these intergovernmental receipts were the Motor Vehicle Gasoline Tax, Job and Family Services, and Board of Developmental Disabilities Special Revenue Funds.

The County's direct charges to users of governmental services made up \$5,407,558 or 16.5 percent of total governmental revenues. These charges are for fees associated with the collection of property taxes, fines and forfeitures related to judicial activity, licenses and permits, and public assistance fees.

General revenues, primarily property and sales taxes, accounted for the remaining 29.8 percent of total revenues. This highlights the County's continued dependence upon its citizens and taxpayers to fund those programs most important to them.

Human service programs accounted for \$6,770,193 or 25.0 percent of total expenses for governmental activities. During 2011, expenses for Job and Family Services and Children's Services amounted to \$4,686,168 and \$701,454, respectively. These activities are entirely paid from program revenues. These grants and entitlements allow the County to continue to offer a wide variety of quality services to its citizens without increasing the tax burden on our citizens.

Public safety programs are a major activity of the County, accounting for \$5,479,528 or 20.3 percent of all governmental expenses. These activities are funded primarily through property and sales taxes. The County attempts to supplement the income and activities of the sheriff department to enable the department to widen the scope of its activity at the lowest cost to the taxpayer. The Work Release Center is an example of this philosophy

Public works programs accounted for \$3,700,326 or 13.7 percent of all governmental activities. These activities are paid entirely with program revenues. The additional funding this year from the Ohio Department of Transportation was used for numerous slip repairs throughout the County, as well as a guardrail replacement project.

General government, health, community and economic development, and interest and fiscal charges expenditures account for the remaining 41.0 percent of governmental expenses.

**Business-Type Activities**

The County's sewer operations experienced an increase in net assets of \$9,208 during 2011. Charges for services and capital grants accounted for \$335,610 and \$49,451, respectively, or 97.1 percent of total revenue.

Sewer expenses decreased \$46,606 from 2010.

**THE COUNTY'S FUNDS**

The County's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$31,356,710 and expenditures of \$32,117,043.

The fund balance of the General Fund decreased \$294,417. The General Fund's unassigned fund balance of \$1,022,005 represented 12.3 percent of current year expenditures. Most of this balance remains in the County's treasury.

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The fund balance of the Motor Vehicle Gasoline Tax Special Revenue Fund decreased \$376,924. The Motor Vehicle Gasoline Tax Special Revenue Fund's spendable fund balance of \$1,440,606 represented 30.0 percent of current year expenditures.

The fund balance of the Job and Family Services Special Revenue Fund decreased \$77,481. The Job and Family Services Special Revenue Fund's ended the fiscal year with a deficit fund balance of \$7,094.

The fund balance of the Board of Developmental Disabilities Special Revenue Fund increased \$115,839. The Board of Developmental Disabilities Special Revenue Fund's spendable fund balance of \$742,630 represented 27.5 percent of current year expenditures.

The fund balance of the Community Development Block Grant Special Revenue Fund increased \$831,146. The Community Development Block Grant Special Revenue Fund's spendable fund balance of \$121,798 represented 15.6 percent of current year expenditures.

The fund balance of the Capital Projects Issue I Capital Projects Fund did not change compared to the 2010 balance.

The net asset balance of the Sewer Enterprise Fund increased \$9,208. The Sewer Fund's unrestricted net assets balance of \$398,096 represented 103.0 percent of current year expenses.

***General Fund Budgeting Highlights***

The County's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. From time to time during the year, the fund's budget may be amended as needs or conditions change.

During the course of 2011, the County amended its General Fund budget several times, though none were significant. All recommendations for a budget change came from either the County Auditor or departmental managers to the Finance Committee of the County Commissioners for review before going to the whole Commission for Ordinance enactment on the change. The allocation of appropriations among the departments and objects within a fund may be changes during the year with approval from the County Commissioners. With the General Fund supporting many of our major activities such as our sheriff department, as well as most legislative and executive activities, the General Fund is monitored closely looking for possible revenue shortfalls or overspending by individual departments.

For the General Fund, increases of \$198,782 were made to the original budgeted revenues. Final budgeted expenditures increased \$626,091 over the original amount. Gallia County's ending unencumbered cash balance in the General Fund matched the final budgeted amount.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

***Capital Assets***

At the end of 2011, the County had \$36,150,120 in governmental activities, and \$10,751,840 in business-type activities, invested in land, infrastructure, construction in progress, land improvements, buildings, furniture, fixtures, and equipment, and vehicles. Table 3 shows fiscal year 2011 balances compared to 2010.

**Gallia County, Ohio**  
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(Table 3)  
 Capital Assets at December 31, 2011 and 2010

	Governmental Activities		Business-Type Activities		Total	
	2011	2010 *	2011	2010	2011	2010 *
Land	\$648,565	\$488,565	\$0	\$0	\$648,565	\$488,565
Infrastructure:	26,342,657	21,987,700	0	0	26,342,657	21,987,700
Construction in Progress	0	761,591	5,738,206	5,011,756	5,738,206	5,773,347
Land Improvements	44,919	49,058	0	0	44,919	49,058
Building and Improvements	6,120,028	6,308,263	4,984,114	3,985,321	11,104,142	10,293,584
Furniture, Fixtures, and						
Equipment	1,844,481	1,891,612	11,192	0	1,855,673	1,891,612
Vehicles	1,149,470	1,015,082	18,328	0	1,167,798	1,015,082
Sewer System	0	0	0	0	0	0
<b>Totals</b>	<b>\$36,150,120</b>	<b>\$32,501,871</b>	<b>\$10,751,840</b>	<b>\$8,997,077</b>	<b>\$46,901,960</b>	<b>\$41,498,948</b>

\* - As restated, see Note 3

The assets of the County are reported at historical cost, net of depreciation. For additional information on capital assets, see Note 10 to the basic financial statements.

The County uses the modified approach to present governmental type activities infrastructure. Disclosures about the condition assessments regarding the County's infrastructure can be found in the Required Supplementary Information.

**Debt**

By year end, the County had various bonds, loans, and capital leases payable, totaling \$7,347,511 of which \$223,060 is due within one year. The County has six general obligation bonds outstanding, one for the construction of a solid waste facility, one for the construction of a early childhood and family center, one for the construction of an EMS station, one for the construction of a speculative building, one for the construction of airport hangers, and one for the purchase of land; two various purpose loans for a rescue truck and a grader; one sewer general obligation bond, five Ohio Water Development Authority loans, and two Ohio Public Works Commission loans for the construction of sewer systems; and various leases for copiers and mail equipment.

(Table 4)  
 Outstanding Debt at December 31, 2011 and 2010

	Governmental Activities		Business-Type Activities		Total	
	2011	2010 *	2011	2010	2011	2010 *
General Obligation Bonds	\$2,180,300	\$2,102,699	1,693,700	1,721,800	3,874,000	3,824,499
Ambulances Loan	0	29,415	0	0	0	29,415
EMS Rescue Truck Loan	8,431	16,539	0	0	8,431	16,539
Gradall Grader Loan	54,864	107,776	0	0	54,864	107,776
OWDA Loans	0	0	2,968,312	2,539,392	2,968,312	2,539,392
OPWC Loans	0	0	407,831	132,250	407,831	132,250
Capital Leases	34,073	23,666	0	0	34,073	23,666
<b>Totals</b>	<b>\$2,277,668</b>	<b>\$2,280,095</b>	<b>\$5,069,843</b>	<b>\$4,393,442</b>	<b>\$7,347,511</b>	<b>\$6,673,537</b>

\* - As restated, see Note 3

The County's overall legal debt margin was \$15,897,094 at December 31, 2011. For additional information on the County's debt, see Notes 20 and 25 to the basic financial statements.

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

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**CURRENT ISSUES**

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

**CONTACTING THE COUNTY AUDITOR'S DEPARTMENT**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Larry M. Betz, Gallia County Auditor, 18 Locust Street, Gallipolis, Ohio 45631.

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**Gallia County**  
*Statement of Net Assets*  
*December 31, 2011*

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$4,937,327	\$430,445	\$5,367,772
Cash and Cash Equivalents in Segregated Accounts	32,027	0	32,027
Cash and Cash Equivalents with Fiscal Agents	118,598	0	118,598
Restricted Assets:			
Cash and Cash Equivalents	19,634	0	19,634
Investments with Fiscal Agents	185,247	0	185,247
Accounts Receivable	94,393	110,107	204,500
Internal Balances	134,139	(134,139)	0
Intergovernmental Receivable	5,018,519	144,453	5,162,972
Sales Tax Receivable	949,691	0	949,691
Materials and Supplies Inventory	0	0	0
Prepaid Items	59,705	0	59,705
Loans Receivable	881,235	0	881,235
Property Taxes Receivable	4,171,691	0	4,171,691
Nondepreciable Capital Assets	26,991,222	5,738,206	32,729,428
Depreciable Capital Assets, Net	9,158,898	5,013,634	14,172,532
<i>Total Assets</i>	<u>52,752,326</u>	<u>11,302,706</u>	<u>64,055,032</u>
<b>Liabilities</b>			
Accounts Payable	445,184	9,502	454,686
Contracts Payable	431,500	75,683	507,183
Retainage Payable	20,947	6,145	27,092
Accrued Wages Payable	169,528	2,056	171,584
Intergovernmental Payable	705,228	0	705,228
Accrued Interest Payable	7,492	63,863	71,355
Deferred Revenue	3,898,919	0	3,898,919
Long-Term Liabilities:			
Due within One Year	678,576	62,339	740,915
Due in More than One Year	2,708,744	5,009,170	7,717,914
<i>Total Liabilities</i>	<u>9,066,118</u>	<u>5,228,758</u>	<u>14,294,876</u>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	33,866,044	5,675,852	39,541,896
Restricted for:			
Roads and Bridges	2,953,192	0	2,953,192
Board of Developmental Disabilities	990,834	0	990,834
Community and Economic Development	1,670,021	0	1,670,021
Other Purposes	2,429,023	0	2,429,023
Unrestricted	1,777,094	398,096	2,175,190
<i>Total Net Assets</i>	<u>\$43,686,208</u>	<u>\$6,073,948</u>	<u>\$49,760,156</u>

See accompanying notes to the basic financial statements.



Component Units	
Gallco Industries, Inc.	Gallia-Meigs Regional Airport
\$158,816	\$0
0	0
0	0
0	0
0	0
366	0
0	0
0	0
0	0
11,503	0
0	0
0	0
0	0
0	249,914
98,712	1,365,666
<u>269,397</u>	<u>1,615,580</u>
0	0
0	0
0	0
0	0
405	0
0	0
0	0
<u>405</u>	<u>0</u>
98,712	1,615,580
0	0
0	0
0	0
0	0
170,280	0
<u>170,280</u>	<u>0</u>
<u>\$268,992</u>	<u>\$1,615,580</u>

**Gallia County**  
*Statement of Activities*  
For the Year Ended December 31, 2011

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions and Interest	Capital Grants and Contributions
<b>Governmental Activities</b>				
General Government:				
Legislative and Executive	\$5,174,188	\$1,749,328	\$22,124	\$0
Judicial	1,754,591	890,822	357,039	0
Public Safety	5,479,528	973,529	478,861	0
Public Works	3,700,326	542,435	4,437,683	3,880,009
Health	3,037,929	572,623	1,365,206	0
Human Services	6,770,193	672,500	5,915,979	0
Community and Economic Development	1,013,548	6,321	1,162,747	0
Interest and Fiscal Charges	110,234	0	0	0
<i>Total Governmental Activities</i>	27,040,537	5,407,558	13,739,639	3,880,009
<b>Business-Type Activity</b>				
Sewer	387,382	335,610	0	49,451
<i>Total Primary Government</i>	<u>\$27,427,919</u>	<u>\$5,743,168</u>	<u>\$13,739,639</u>	<u>\$3,929,460</u>
<b>Component Units</b>				
Gallco Industries, Inc.	\$148,011	\$47,512	\$86,873	\$0
Gallia-Meigs Regional Airport	141,692	74,256	42,957	282,207
Total component units	<u>\$289,703</u>	<u>\$121,768</u>	<u>\$129,830</u>	<u>\$282,207</u>

**General Revenues**

Property Taxes Levied for:  
  General Purposes  
  Board of Developmental Disabilities  
Sales Taxes Levied for:  
  General Purposes  
  Public Safety  
Grants and Entitlements not Restricted to Specific Programs  
Interest  
Insurance Recoveries  
Miscellaneous

*Total General Revenues*

Change in Net Assets

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

*Net Assets End of Year*

See accompanying notes to the basic financial statements.

Net (Expense) Revenue  
and Changes in Net Assets

Primary Government			Component Units	
Governmental Activities	Business-Type Activity	Total	Gallco Industries, Inc.	Gallia-Meigs Regional Airport
(\$3,402,736)	\$0	(\$3,402,736)	\$0	\$0
(506,730)	0	(506,730)	0	0
(4,027,138)	0	(4,027,138)	0	0
5,159,801	0	5,159,801	0	0
(1,100,100)	0	(1,100,100)	0	0
(181,714)	0	(181,714)	0	0
155,520	0	155,520	0	0
(110,234)	0	(110,234)	0	0
(4,013,331)	0	(4,013,331)	0	0
0	(2,321)	(2,321)	0	0
<u>(\$4,013,331)</u>	<u>(\$2,321)</u>	<u>(\$4,015,652)</u>	<u>\$0</u>	<u>\$0</u>
0	0	0	(13,626)	0
0	0	0	0	257,728
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$13,626)</u>	<u>\$257,728</u>
2,300,873	0	2,300,873	0	0
1,035,246	0	1,035,246	0	0
3,757,089	0	3,757,089	0	0
906,086	0	906,086	0	0
917,946	0	917,946	0	0
267,110	8,539	275,649	320	0
87,898	0	87,898	0	0
480,431	2,990	483,421	0	6
9,752,679	11,529	9,764,208	320	6
5,739,348	9,208	5,748,556	(13,306)	257,734
37,946,860	6,064,740	44,011,600	282,298	1,357,846
<u>\$43,686,208</u>	<u>\$6,073,948</u>	<u>\$49,760,156</u>	<u>\$268,992</u>	<u>\$1,615,580</u>

**Gallia County**  
*Balance Sheet*  
*Governmental Funds*  
*December 31, 2011*

	General	Motor Vehicle Gasoline Tax	Job and Family Services	Board of Developmental Disabilities	Community Development Block Grant	Capital Projects Issue I
<b>Assets:</b>						
Equity in Pooled Cash and Cash Equivalents	\$595,175	\$889,902	\$676,045	\$320,235	\$121,631	\$0
Cash and Cash Equivalents in Segregated Accounts	14,817	0	0	1,770	0	0
Cash and Cash Equivalents with Fiscal Agents	0	0	0	118,598	0	0
Restricted Assets:						
Cash and Cash Equivalents	19,634	0	0	0	0	0
Investments with Fiscal Agents	0	0	0	185,247	0	0
Receivables:						
Property Taxes	2,814,923	0	0	1,119,355	0	0
Sales Taxes	949,691	0	0	0	0	0
Accounts	3,853	8,139	5,175	40,354	0	0
Intergovernmental	357,540	2,351,725	0	534,721	671,779	363,606
Loans	0	0	0	0	881,235	0
Interfund	249,425	0	14,519	1,126	1,360	0
Prepaid Items	59,705	0	0	0	0	0
<b>Total Assets</b>	<b>\$5,064,763</b>	<b>\$3,249,766</b>	<b>\$695,739</b>	<b>\$2,321,406</b>	<b>\$1,676,005</b>	<b>\$363,606</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities:</b>						
Accounts Payable	\$111,216	\$62,277	\$136,009	\$29,626	\$750	\$0
Contracts Payable	8,700	0	15,799	0	0	363,606
Retainage Payable	0	0	0	0	0	0
Accrued Wages Payable	28,890	26,513	56,500	625	0	0
Intergovernmental Payable	332,428	42,868	165,474	43,936	2,246	0
Interfund Payable	2,197	0	31,550	37,500	2,756	0
Deferred Revenue	3,425,777	1,677,502	297,501	1,467,089	667,220	0
<b>Total Liabilities</b>	<b>3,909,208</b>	<b>1,809,160</b>	<b>702,833</b>	<b>1,578,776</b>	<b>672,972</b>	<b>363,606</b>
<b>Fund Balances:</b>						
Nonspendable	79,339	0	0	0	881,235	0
Restricted	0	1,440,606	0	742,630	121,798	0
Committed	51,291	0	0	0	0	0
Assigned	2,920	0	0	0	0	0
Unassigned	1,022,005	0	(7,094)	0	0	0
<b>Total Fund Balances</b>	<b>1,155,555</b>	<b>1,440,606</b>	<b>(7,094)</b>	<b>742,630</b>	<b>1,003,033</b>	<b>0</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$5,064,763</b>	<b>\$3,249,766</b>	<b>\$695,739</b>	<b>\$2,321,406</b>	<b>\$1,676,005</b>	<b>\$363,606</b>

See accompanying notes to the basic financial statements.

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

Other Governmental Funds	Total Governmental Funds		Total Governmental Fund Balances	\$6,358,992
\$2,067,821	\$4,670,809	<b>Amounts reported for governmental activities in the statement of net assets are different because:</b>		
15,440	32,027	Capital Assets used in governmental activities are not financial resources and therefore are not reported in the funds.		36,150,120
0	118,598	Other long-term assets are not available to pay for current-period expenditures and therefore are not reported in the funds:		
0	19,634	Property Taxes	295,437	
0	185,247	Sales Tax	444,622	
0	3,934,278	Intergovernmental Revenues	3,482,000	
237,413	1,187,104	Charges for Services	75,093	
36,872	94,393	Miscellaneous	8,238	4,305,390
739,148	5,018,519	An internal service fund is used by management to charge the cost of insurance to individual funds. The assets and the liabilities of the internal service fund are included in governmental activities in the statement of net assets.		266,518
0	881,235			
71,383	337,813	Long-term liabilities, accrued interest, and vacation benefits that are not due and payable in the current period and therefore are not reported in the funds:		
0	59,705	GO Bonds Payable	(2,180,300)	
<u>\$3,168,077</u>	<u>\$16,539,362</u>	Loans Payable	(63,295)	
		Capital Leases Payable	(34,073)	
\$105,306	\$445,184	Accrued Interest Payable	(7,492)	
43,395	431,500	Compensated Absences	(1,109,652)	(3,394,812)
20,947	20,947	Net Assets of Governmental Activities		\$43,686,208
57,000	169,528			
118,276	705,228	See accompanying notes to the basic financial statements.		
129,671	203,674			
669,220	8,204,309			
<u>1,143,815</u>	<u>10,180,370</u>			
0	960,574			
1,916,454	4,221,488			
130,998	182,289			
0	2,920			
(23,190)	991,721			
<u>2,024,262</u>	<u>6,358,992</u>			
<u>\$3,168,077</u>	<u>\$16,539,362</u>			

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

	General	Motor Vehicle Gasoline Tax	Job and Family Services	Board of Developmental Disabilities	Community Development Block Grant	Capital Projects Issue I
<b>Revenues:</b>						
Property Taxes	\$2,290,834	\$0	\$0	\$1,051,099	\$0	\$0
Sales Taxes	3,401,385	0	0	0	0	0
Intergovernmental	1,130,063	3,891,064	4,130,933	1,298,971	610,130	3,880,009
Charges for Services	1,323,477	461,081	465,326	470,843	100	0
Fines, Licenses, and Permits	189,282	16,120	0	0	0	0
Interest	267,110	39,625	0	10,574	2,416	0
Rent	30,028	0	0	65,217	0	0
Gifts and Donations	0	0	0	5,750	0	0
Other	238,894	72,580	57,375	6,317	53,299	0
<b>Total Revenues</b>	<b>8,871,073</b>	<b>4,480,470</b>	<b>4,653,634</b>	<b>2,908,771</b>	<b>665,945</b>	<b>3,880,009</b>
<b>Expenditures:</b>						
Current:						
General Government:						
Legislative and Executive	4,259,242	0	0	0	0	0
Judicial	882,433	0	0	0	0	0
Public Safety	2,554,627	0	0	0	0	0
Public Works	166,425	2,897,904	0	0	0	363,606
Health	140,077	0	0	2,701,719	0	0
Human Services	327,813	0	4,860,674	0	0	0
Community and Economic Development	0	0	0	0	778,015	0
Capital Outlay	0	1,900,666	0	0	0	3,516,403
Debt Service:						
Principal Retirement	2,741	1,865	0	0	443	0
Interest and Fiscal Charges	4,379	59	0	0	157	0
<b>Total Expenditures</b>	<b>8,337,737</b>	<b>4,800,494</b>	<b>4,860,674</b>	<b>2,701,719</b>	<b>778,615</b>	<b>3,880,009</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>533,336</b>	<b>(320,024)</b>	<b>(207,040)</b>	<b>207,052</b>	<b>(112,670)</b>	<b>0</b>
<b>Other Financing Sources (Uses):</b>						
Inception of Capital Lease	0	0	0	0	15,456	0
Proceeds from Sale of Capital Assets	0	0	0	0	899,984	0
Insurance Recoveries	87,898	0	0	0	0	0
General Obligation Bonds Issued	160,000	0	0	0	0	0
Transfers In	0	0	129,559	0	44,000	0
Transfers Out	(1,075,651)	(56,900)	0	(91,213)	(15,624)	0
<b>Total Other Financing Sources (Uses)</b>	<b>(827,753)</b>	<b>(56,900)</b>	<b>129,559</b>	<b>(91,213)</b>	<b>943,816</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>(294,417)</b>	<b>(376,924)</b>	<b>(77,481)</b>	<b>115,839</b>	<b>831,146</b>	<b>0</b>
<b>Fund Balances at Beginning of Year - Restated (See Note 3)</b>	<b>1,449,972</b>	<b>1,817,530</b>	<b>70,387</b>	<b>626,791</b>	<b>171,887</b>	<b>0</b>
<b>Fund Balances at End of Year</b>	<b>\$1,155,555</b>	<b>\$1,440,606</b>	<b>(\$7,094)</b>	<b>\$742,630</b>	<b>\$1,003,033</b>	<b>\$0</b>

See accompanying notes to the basic financial statements.

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

Other Governmental Funds	Total Governmental Funds		
		<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$403,005</b>
		<b>Amounts reported for governmental activities in the statement of activities are different because:</b>	
		Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period:	
\$0	\$3,341,933	Capital Assets Additions	5,919,558
850,318	4,251,703	Depreciation Expense	<u>(704,768)</u>
2,523,847	17,465,017		5,214,790
2,257,506	4,978,333		
192,050	397,452		
0	319,725		
0	95,245		
29,359	35,109	Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss on disposal of assets:	
43,728	472,193	Proceeds from the Sale of Capital Assets	(899,984)
<u>5,896,808</u>	<u>31,356,710</u>	Loss on Disposal of Capital Assets	<u>(654,175)</u>
			(1,554,159)
		Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
622,677	4,881,919	Property Taxes	(5,814)
892,294	1,774,727	Sales Taxes	411,472
2,910,283	5,464,910	Intergovernmental Revenues	984,853
34,096	3,462,031	Charges for Services	(63,472)
79,042	2,920,838	Other Revenues	<u>8,238</u>
1,697,665	6,886,152		1,335,277
250,757	1,028,772		
0	5,417,069	Repayments of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets:	
172,834	177,883	General Obligation Bonds Payable	82,399
98,147	102,742	Loans Payable	90,435
<u>6,757,795</u>	<u>32,117,043</u>	Capital Leases Payable	<u>5,049</u>
			177,883
<u>(860,987)</u>	<u>(760,333)</u>	In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, interest is expensed when due.	(7,492)
		Other financing sources in the governmental funds that increase long-term liabilities in the statement of net assets are not reported:	
0	15,456	Inception of Capital Leases	(15,456)
0	899,984	Proceeds of General Obligation Bonds	<u>(160,000)</u>
0	87,898		(175,456)
0	160,000		
1,114,865	1,288,424	The internal service fund used by management to charge the cost of insurance to individual funds is not reported in the government-wide statement of activities. Governmental expenditures and the related internal service fund revenue are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities:	
(49,036)	(1,288,424)		(31,982)
<u>1,065,829</u>	<u>1,163,338</u>	Compensated absences reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	<u>377,482</u>
204,842	403,005		
<u>1,819,420</u>	<u>5,955,987</u>	<b>Change in Net Assets of Governmental Activities</b>	<b><u>\$5,739,348</u></b>
<u>\$2,024,262</u>	<u>\$6,358,992</u>		

See accompanying notes to the basic financial statements.

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property Taxes	\$1,874,283	\$2,215,129	\$2,215,129	\$0
Sales Taxes	3,297,267	3,314,636	3,314,636	0
Intergovernmental	1,326,281	1,127,189	1,127,189	0
Charges for Services	1,300,614	1,345,941	1,345,941	0
Fines, Licenses, and Permits	201,285	195,740	195,740	0
Interest	270,500	311,270	311,270	0
Rent	30,000	30,028	30,028	0
Other	425,865	223,548	223,548	0
<i>Total Revenues</i>	8,726,095	8,763,481	8,763,481	0
<b>Expenditures:</b>				
Current:				
General Government:				
Legislative and Executive	4,146,827	4,084,579	4,084,579	0
Judicial	975,990	959,337	959,337	0
Public Safety	2,398,814	2,534,266	2,534,266	0
Public Works	87,970	161,114	161,114	0
Health	165,554	142,441	142,441	0
Human Services	314,336	319,361	319,361	0
<i>Total Expenditures</i>	8,089,491	8,201,098	8,201,098	0
<i>Excess of Revenues Over Expenditures</i>	636,604	562,383	562,383	0
<b>Other Financing Sources (Uses):</b>				
Insurance Recoveries	86,500	87,898	87,898	0
General Obligation Bonds Issued	0	160,000	160,000	0
Advances In	54,453	54,451	54,451	0
Advances Out	(36,625)	(98,636)	(98,636)	0
Transfers Out	(623,178)	(1,075,651)	(1,075,651)	0
<i>Total Other Financing Sources (Uses)</i>	(518,850)	(871,938)	(871,938)	0
<i>Net Change in Fund Balance</i>	117,754	(309,555)	(309,555)	0
<i>Fund Balance at Beginning of Year - Restated (See Note 3)</i>	727,154	727,154	727,154	0
Prior Year Encumbrances Appropriated	83,230	83,230	83,230	0
<i>Fund Balance at End of Year</i>	\$928,138	\$500,829	\$500,829	\$0

See accompanying notes to the basic financial statements.



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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$3,600,000	\$3,819,675	\$3,819,675	\$0
Charges for Services	676,160	464,733	464,733	0
Fines, Licenses, and Permits	17,000	14,849	14,849	0
Interest	32,000	39,625	39,625	0
Other	174,840	72,580	72,580	0
<i>Total Revenues</i>	4,500,000	4,411,462	4,411,462	0
<b>Expenditures:</b>				
Current:				
Public Works	2,790,401	3,120,448	3,120,448	
Capital Outlay	1,699,634	1,900,666	1,900,666	0
<i>Total Expenditures</i>	4,490,035	5,021,114	5,021,114	0
<i>Excess of Revenues Over (Under) Expenditures</i>	9,965	(609,652)	(609,652)	0
<b>Other Financing Uses:</b>				
Transfers Out	(50,909)	(56,900)	(56,900)	0
<i>Net Change in Fund Balance</i>	(40,944)	(666,552)	(666,552)	0
<i>Fund Balance at Beginning of Year</i>	1,223,438	1,223,438	1,223,438	0
Prior Year Encumbrances Appropriated	331,058	331,058	331,058	0
<i>Fund Balance at End of Year</i>	\$1,513,552	\$887,944	\$887,944	\$0

See accompanying notes to the basic financial statements.

**Gallia County**  
*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>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental	\$5,012,015	\$4,644,675	\$4,644,675	\$0
Charges for Services	487,120	451,418	451,418	0
Other	61,913	57,375	57,375	0
<i>Total Revenues</i>	5,561,048	5,153,468	5,153,468	0
<b>Expenditures:</b>				
Current:				
Human Services	5,652,178	4,643,748	4,643,748	0
<i>Excess of Revenues Over (Under) Expenditures</i>	(91,130)	509,720	509,720	0
<b>Other Financing Sources:</b>				
Transfers In	139,806	129,559	129,559	0
<i>Net Change in Fund Balance</i>	48,676	639,279	639,279	0
<i>Fund Balance at Beginning of Year</i>	36,767	36,767	36,767	0
<i>Fund Balance at End of Year</i>	<u>\$85,443</u>	<u>\$676,046</u>	<u>\$676,046</u>	<u>\$0</u>

See accompanying notes to the basic financial statements.

**Gallia County**  
*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*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property Taxes	\$920,414	\$1,018,392	\$1,018,392	\$0
Intergovernmental	1,240,899	1,372,992	1,372,992	0
Charges for Services	382,825	423,576	423,576	0
Interest	9,557	10,574	10,574	0
Rent	58,943	65,217	65,217	0
Gifts and Donations	5,197	5,750	5,750	0
Other	3,159	3,495	3,495	0
<i>Total Revenues</i>	2,620,994	2,899,996	2,899,996	0
<b>Expenditures:</b>				
Current:				
Health	2,595,396	2,755,460	2,755,460	0
<i>Excess of Revenues Over Expenditures</i>	25,598	144,536	144,536	0
<b>Other Financing Uses:</b>				
Transfers Out	(85,914)	(91,213)	(91,213)	0
<i>Net Change in Fund Balance</i>	(60,316)	53,323	53,323	0
<i>Fund Balance at Beginning of Year - Restated (See Note 3)</i>	490,435	490,435	490,435	
Prior Year Encumbrances Appropriated	12,400	12,400	12,400	0
<i>Fund Balance at End of Year</i>	\$442,519	\$556,158	\$556,158	\$0

See accompanying notes to the basic financial statements.

**Gallia County**  
*Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
Community Development Block Grant Fund  
For the Year Ended December 31, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$19,800	\$863,689	\$863,689	\$0
Charges for Services	0	100	100	0
Interest	0	2,416	2,416	0
Other	0	73,728	73,728	0
<i>Total Revenues</i>	<u>19,800</u>	<u>939,933</u>	<u>939,933</u>	<u>0</u>
<b>Expenditures:</b>				
Current:				
Community and Economic Development	1,043,484	1,004,820	1,004,820	0
<i>Excess of Revenues Under Expenditures</i>	<u>(1,023,684)</u>	<u>(64,887)</u>	<u>(64,887)</u>	<u>0</u>
<b>Other Financing Sources (Uses):</b>				
Transfers In	0	44,000	44,000	0
Transfers Out	0	(15,624)	(15,624)	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>28,376</u>	<u>28,376</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(1,023,684)</u>	<u>(36,511)</u>	<u>(36,511)</u>	<u>0</u>
<i>Fund Balance at Beginning of Year - Restated (See Note 3)</i>	<u>158,142</u>	<u>158,142</u>	<u>158,142</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>(\$865,542)</u></u>	<u><u>\$121,631</u></u>	<u><u>\$121,631</u></u>	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements.

**Gallia County**  
*Statement of Fund Net Assets*  
*Proprietary Funds*  
*December 31, 2011*

	Business-Type Activities	Governmental Activities
	Sewer	Internal Service
<b>Assets:</b>		
Current :		
Equity in Pooled Cash and Cash Equivalents	\$430,445	\$266,518
Accounts Receivable	110,107	0
Intergovernmental Receivable	144,453	0
<i>Total Current Assets</i>	<u>685,005</u>	<u>266,518</u>
Noncurrent:		
Nondepreciable Capital Assets	5,738,206	0
Depreciable Capital Assets, Net	5,013,634	0
<i>Total Noncurrent Assets</i>	<u>10,751,840</u>	<u>0</u>
<i>Total Assets</i>	<u>11,436,845</u>	<u>266,518</u>
<b>Liabilities:</b>		
Current:		
Accounts Payable	9,502	0
Contracts Payable	75,683	0
Retainage Payable	6,145	0
Accrued Wages Payable	2,056	0
Interfund Payable	134,139	0
Accrued Interest Payable	63,863	0
General Obligation Bonds Payable	29,500	0
OPWC Loans Payable	5,750	0
OWDA Loans Payable	27,089	0
<i>Total Current Liabilities</i>	<u>353,727</u>	<u>0</u>
Long-Term:		
General Obligation Bonds Payable	1,664,200	0
OPWC Loans Payable	402,081	0
OWDA Loans Payable	2,941,223	0
Compensated Absences Payable	1,666	0
<i>Total Long-Term Liabilities</i>	<u>5,009,170</u>	<u>0</u>
<i>Total Liabilities</i>	<u>5,362,897</u>	<u>0</u>
<b>Net Assets:</b>		
Invested in Capital Assets, Net of Related Debt	5,675,852	0
Unrestricted	398,096	266,518
<i>Total Net Assets</i>	<u>\$6,073,948</u>	<u>\$266,518</u>

See accompanying notes to the basic financial statements.

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

	Business-Type Activities	Governmental Activities
	Sewer	Internal Service
<b>Operating Revenues:</b>		
Charges for Services	\$335,610	\$0
Other Operating Revenues	2,990	344,090
<i>Total Operating Revenues</i>	<u>338,600</u>	<u>344,090</u>
<b>Operating Expenses:</b>		
Salaries and Wages	45,883	376,072
Fringe Benefits	13,044	0
Contractual Services	37,270	0
Materials and Supplies	20,798	0
Depreciation	179,263	0
Other	14,737	0
<i>Total Operating Expenses</i>	<u>310,995</u>	<u>376,072</u>
<i>Operating Income (Loss)</i>	27,605	(31,982)
<b>Non-Operating Revenues (Expenses):</b>		
Interest Income	8,539	0
Interest and Fiscal Charges	(76,387)	0
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(67,848)</u>	<u>0</u>
<i>Loss before Contributions</i>	(40,243)	(31,982)
Capital Contributions	49,451	0
<i>Change in Net Assets</i>	9,208	(31,982)
<i>Net Assets at Beginning of Year - Restated (See Note 3)</i>	<u>6,064,740</u>	<u>298,500</u>
<i>Net Assets at End of Year</i>	<u><u>\$6,073,948</u></u>	<u><u>\$266,518</u></u>

See accompanying notes to the basic financial statements.

**Gallia County**  
*Statement of Cash Flows*  
*Proprietary Funds*  
For the Year Ended December 31, 2011

	Business-Type Activities	Governmental Activities
	Sewer	Internal Service
<b>Cash Flows from Operating Activities:</b>		
Cash Received from Customers	\$334,938	\$0
Cash Received from Operating Receipts	0	344,090
Cash Payments for Employee Services and Benefits	(67,631)	(376,072)
Cash Payments to Suppliers for Goods and Services	(211,260)	0
Other Operating Revenues	2,990	0
Other Operating Expenses	(14,737)	0
	<u>44,300</u>	<u>(31,982)</u>
<b>Net Cash Used for Operating Activities</b>		
<b>Cash Flows from Non-Capital Financing Activities:</b>		
Advances In	55,696	0
Advances Out	(3,368)	0
	<u>52,328</u>	<u>0</u>
<b>Net Cash Provided by Non-Capital Financing Activities</b>		
<b>Cash Flows from Investing Activities:</b>		
Investment Earnings	8,539	0
	<u>8,539</u>	<u>0</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Acquisition of Capital Assets	(2,093,050)	0
Proceeds from OWDA Loans	515,526	0
Proceeds from OPWC Loans	287,081	0
Principal Paid on General Obligation Bonds	(28,100)	0
Interest Paid on General Obligation Bonds	(77,481)	0
Principal Paid on OWDA Loans	(86,606)	0
Principal Paid on OPWC Loans	(11,500)	0
Capital Contributions	1,425,838	0
	<u>(68,292)</u>	<u>0</u>
<b>Net Cash Provided by Capital and Related Financing Activities</b>		
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	36,875	(31,982)
<b>Cash and Cash Equivalents at Beginning of Year - Restated (See Note 3)</b>	393,570	298,500
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$430,445</u>	<u>\$266,518</u>
<b>Reconciliation of Operating Loss to Net Cash Used for Operating Activities:</b>		
Operating Income (Loss)	\$27,605	(\$31,982)
Adjustments:		
Depreciation	179,263	0
(Increase) Decrease in Assets:		
Accounts Receivable	(4,497)	0
Intergovernmental Receivable	3,825	0
Increase (Decrease) in Liabilities:		
Accounts Payable	5,528	0
Accrued Wages Payable	2,056	0
Retainage Payable	(159,038)	0
Interfund Payable	318	0
Intergovernmental Payable	(2,188)	0
Compensated Absences Payable	(8,572)	0
	<u>\$44,300</u>	<u>(\$31,982)</u>
<b>Net Cash provided by (used for) Operating Activities</b>	<u>\$44,300</u>	<u>(\$31,982)</u>

See accompanying notes to the basic financial statements.

**Gallia County**  
*Statement of Fiduciary Assets and Liabilities*  
*Fiduciary Funds*  
*December 31, 2011*

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	<u>Agency</u>
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$3,099,887
Cash and Cash Equivalents in Segregated Accounts	474,795
Receivables:	
Intergovernmental	1,476,819
Accounts	113,199
Property Taxes	<u>24,461,384</u>
<i>Total Assets</i>	<u><u>\$29,626,084</u></u>
<b>Liabilities:</b>	
Intergovernmental Payable	\$26,105,701
Undistributed Monies	3,499,813
Deposits Held and Due to Others	<u>20,570</u>
<i>Total Liabilities</i>	<u><u>\$29,626,084</u></u>

See accompanying notes to the basic financial statements.



**Gallia County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2011*

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**NOTE 1 - REPORTING ENTITY**

Gallia County, Ohio (the County), was created in 1803. The County is governed by a board of three Commissioners elected by the voters of the County. Other officials elected by the voters of the County that manage various segments of the County's operations are the County Auditor, County Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, a Common Pleas Court Judge, and a Probate/Juvenile Court Judge. Although the elected officials manage the internal operations of their respective departments, the County Commissioners authorize expenditures as well as serve as the budget and taxing authority, contracting body, and the chief administrators of public services for the entire County.

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the County consists of all funds, departments, boards and agencies that are not legally separate from the County. For Gallia County, this includes the Gallia County Board of Developmental Disabilities, Gallia County Children Services Board, and all departments and activities that are directly operated by the elected County officials.

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the 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***

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

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

*Gallia-Meigs Regional Airport* - The Gallia-Meigs Regional Airport was created by resolution of the County Commissioners under Ohio Revised Code Section 308.01. The purpose of the Airport is for the acquisition, construction, and operation and maintenance of the airport and its facilities in Gallia County. The Airport operates under the direction of a five-member Board of Trustees, appointed by the County Commissioners. The Commissioners' Assistant Clerk is responsible for the fiscal accounting of the resources of the Airport. Services provided by the Airport include the means by which to aid the safe taking off and landing of aircraft, storage and maintenance of aircraft, and the safe and efficient operation of the airport. The Airport is considered to be a component unit of Gallia County and is discretely presented. The nature and significance of the relationship between the County and the Airport is such that exclusion would cause the County's financial statements to be misleading. The Airport operates on a fiscal year ending on December 31. Financial statements of the component unit can be obtained from the Gallia County Commissioners' Office, Gallia County Courthouse, 18 Locust Street, Gallipolis, OH 45631.

## Gallia County

Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011

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

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

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

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

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

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

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

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

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

## Gallia County

Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011

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The County is associated with the following organizations that are defined as jointly governed organizations, related organizations, or shared risk pools. These organizations are presented in Notes 21, 22, and 23 to the basic financial statements.

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

### **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

**Gallia County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2011*

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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.

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

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

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

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

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

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

**Capital Projects Issue I Fund** – This fund accounts for federal and state monies that are provided to improve or expand highway, roads, and bridges within Gallia County.

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

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

**Gallia County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2011*

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**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 accounts for funds held in reserve to cover excess deductible costs in providing health insurance for the County's employees.

**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.

## Gallia County

Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011

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**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.

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 8). 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 9), interest, federal and state grants and subsidies, state-levied locally shared taxes (including motor vehicle license fees and gasoline taxes), fees, and rentals.

**Unearned/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 level of control has been established by the County Commissioners at the fund, function, and object level for the General Fund and for all other funds.

**Gallia County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2011*

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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.

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*

To improve cash management, cash received by the County is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the County's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the basic financial statements.

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.

The Gallia County Board of Developmental Disabilities has two accounts held separate from the County's pooled accounts. These depository accounts are presented as "Cash and Cash Equivalents with Fiscal Agents" and "Investments with Fiscal Agents" 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 is credited to the General Fund, the Motor Vehicle Gasoline Tax, Board of Developmental Disabilities, and Community Development Block Grant Special Revenue Funds, and Sewer Proprietary Fund. Interest revenue credited to the General Fund during 2011 amounted to \$267,110, which includes \$252,684 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.

*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*

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

**Gallia County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2011*

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*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, collectibility.

Using this 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. Donated capital assets are recorded at their fair market values as of the date received. The County maintains a capitalization threshold of five thousand dollars, with the exception of infrastructure. The County maintains their capitalization threshold for infrastructure as follows: \$50,000 for roads, bridges and culverts and \$25,000 for all traffic signals, street lighting, signage, guardrails, retaining walls and related items. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of enterprise fund capital assets is also capitalized.

All capital assets are depreciated except for land, infrastructure, and construction in progress. 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:

Land Improvements	20 Years
Buildings and Improvements	10 - 40 Years
Furniture, Fixtures, and Equipment	5 - 30 Years
Vehicles	5 - 20 Years



**Gallia County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2011*

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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.

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.

Gallco Industries, Inc. depreciates vehicles for 8 years utilizing the straight-line method. The Airport depreciates land improvements for 30 years, buildings from 30-50 years, building improvements for 20 years, and furniture, fixtures, and equipment for 10 years.

*M. Capitalization of Interest*

It is the County's policy to not capitalize net interest on proprietary fund construction projects until substantial completion of the project. The amount of capitalized interest equals the difference between the interest cost associated with the tax exempt borrowing used to finance the project and the interest earned from temporary investment of the debt proceeds. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset.

*N. Compensated Absences*

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

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

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

*O. 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, 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 loans are recognized as a liability in the governmental fund financial statements when due.

**Gallia County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2011*

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*P. 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 are legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale, unless the use of proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

***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 mandate 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 are 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.

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.

**Gallia County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2011*

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**Q. 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 highway and bridge maintenance, Court and Corrections activities, community development projects, and miscellaneous other activities.

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

**R. 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 is the primary activity of the fund. Revenues and expenses not meeting these definitions are reported as non-operating.

**S. 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.

**T. 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.

**U. 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.

**Gallia County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2011*

**NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLE, CHANGES IN ACCOUNTING ESTIMATES AND RESTATEMENT OF PRIOR YEAR BALANCES AND NET ASSETS**

*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:

	General Fund	Motor Vehicle Gasoline Tax	Job and Family Services	Board of Developmental Disabilities
Fund Balance at December 31, 2010	\$1,245,104	\$1,817,530	\$70,387	\$417,961
Change in Fund Structure	204,868	0	0	208,830
Adjusted Fund Balance at December 31, 2010	<u>\$1,449,972</u>	<u>\$1,817,530</u>	<u>\$70,387</u>	<u>\$626,791</u>

	Community Development Block Grant	Other Governmental Funds	Totals
Fund Balance at December 31, 2010	(\$8,870)	\$2,381,333	\$5,923,445
Change in Fund Structure	180,757	(561,913)	32,542
Adjusted Fund Balance at December 31, 2010	<u>\$171,887</u>	<u>\$1,819,420</u>	<u>\$5,955,987</u>

*C. Changes in Accounting Estimates*

For 2011, the County changes its approach to infrastructure asset reporting from the depreciation approach to the modified approach. In order to do, this two requirements had to be met. The County manages its eligible infrastructure assets using an asset management system which utilizes condition assessments of the infrastructure assets and it must estimate each year the annual amount needed to maintain and preserve the eligible infrastructure assets at the condition level reported by the County. Additionally, the County must document that the eligible infrastructure assets are being preserved approximately at (or above) the condition level reported by the County.

**Gallia County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2011*

*D. Restatement of Net Assets*

The change from the depreciation to the modified approach for infrastructure assets; change in fund structure; and restatement for a capital lease had the following effect on net assets as they were previously reported:

Net Assets at December 31, 2010	\$29,232,708
Infrastructure	8,715,793
Change in Fund Structure	20,160
Capital Lease	<u>(21,801)</u>
Adjusted Net Assets at December 31, 2010	<u><u>\$37,946,860</u></u>

*E. Restatement of Prior Year Budgetary Balances*

The implementation of GASB Statement No. 54 had the following effect on budgetary basis fund balances of the following funds as they were previously reported:

	General	Board of Developmental Disabilities	Community Development Block Grant
Fund Balance, December 31, 2010, as Previously Reported	\$576,081	\$59,987	\$3,456
Change in Fund Structure	<u>151,073</u>	<u>430,448</u>	<u>154,686</u>
Fund Balance, December 31, 2010, as Restated	<u><u>\$727,154</u></u>	<u><u>\$490,435</u></u>	<u><u>\$158,142</u></u>

*F. Restatement of Prior Year Proprietary Enterprise Fund Balances*

The proprietary enterprise funds were combined in the current year for reporting purposes as the Sewer Fund whereas they were reported separately in the prior year. This combination had the following effect on proprietary enterprise fund balances as they were previously reported:

	KA Sewer Fund	Bidwell/ Porter Sewer Fund	MV Sewer Fund	Other Enterprise Funds	Sewer Fund
Fund Balance at December 31, 2010	\$2,505,373	\$2,226,648	\$1,011,500	\$321,219	\$0
Change in Fund Structure	<u>(2,505,373)</u>	<u>(2,226,648)</u>	<u>(1,011,500)</u>	<u>(321,219)</u>	<u>6,064,740</u>
Adjusted Fund Balance at December 31, 2010	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$6,064,740</u></u>

**Gallia County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2011*

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**NOTE 4 - FUND DEFICIT**

The Job and Family Services, and the Emergency Medical Services Special Revenue Funds had a deficit fund balances of \$7,094 and \$23,190, respectively, for the year ended December 31, 2011. These deficits resulted from payables recorded in accordance with Generally Accepted Accounting Principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**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. Encumbrances are treated as expenditures (budget basis) rather than restricted, committed, or assigned fund balance (GAAP basis).
4. Prepaids, unrecorded cash, and unrecorded interest are reported on the balance sheet (GAAP basis), but not on the budgetary basis. These amounts are included as revenues on the GAAP basis operating statement.
5. 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.

**Gallia County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2011*

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:

	General	Motor Vehicle Gasoline Tax	Job and Family Services	Board of Developmental Disabilities	Community Development Block Grant
GAAP Basis	(\$294,417)	(\$376,924)	(\$77,481)	\$115,839	\$831,146
Revenue Accruals	(40,625)	(68,871)	499,834	94,961	(641,452)
Beginning of the Year:					
Fiscal Agent	0	0	0	233,639	0
Segregated Accounts	13,030	0	0	947	0
Unreported Interest	44,160	0	0	0	0
Prepaid Items	60,184	0	0	0	0
End of the Year:					
Unrecorded Cash	(36,380)	(137)	0	0	0
Segregated Accounts	(14,817)	0	0	(1,770)	0
Fiscal Agent	0	0	0	(303,845)	0
Prepaid Items	(59,705)	0	0	0	0
Agency Fund Cash Allocation	(72,960)	0	0	(32,707)	0
Expenditure Accruals	140,800	(218,799)	216,926	(18,526)	(226,205)
Advances	(44,185)	0	0	0	0
Encumbrances	(4,640)	(1,821)	0	(35,215)	0
Budget Basis	<u>(\$309,555)</u>	<u>(\$666,552)</u>	<u>\$639,279</u>	<u>\$53,323</u>	<u>(\$36,511)</u>

**NOTE 6 - 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:

**Gallia County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2011*

Fund Balances	General Fund	Motor Vehicle Gasoline Tax	Job and Family Services	Board of Development Disabilities	Community Development Block Grant	Other Governmental Funds	Totals
Nonspendable:							
Prepays	\$59,705	\$0	\$0	\$0	\$0	\$0	\$59,705
Unclaimed Monies	19,634	0	0	0	0	0	19,634
Loans	0	0	0	0	881,235	0	881,235
<i>Total Nonspendable</i>	<u>79,339</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>881,235</u>	<u>0</u>	<u>960,574</u>
Restricted for:							
Public Works	0	1,440,606	0	0	0	\$0	1,440,606
Public Safety	0	0	0	0	0	458,236	458,236
Courts	0	0	0	0	0	641,385	641,385
Real Estate Assessment	0	0	0	0	0	498,911	498,911
Board of Developmental Disabilities	0	0	0	742,630	0	0	742,630
Community Development	0	0	0	0	121,798	15,334	137,132
Other Purposes	0	0	0	0	0	12,747	12,747
Childrens Services	0	0	0	0	0	92,641	92,641
Child Support	0	0	0	0	0	191,862	191,862
Debt Service	0	0	0	0	0	5,338	5,338
<i>Total Restricted</i>	<u>0</u>	<u>1,440,606</u>	<u>0</u>	<u>742,630</u>	<u>121,798</u>	<u>1,916,454</u>	<u>4,221,488</u>
Committed to:							
Public Safety	51,291	0	0	0	0	0	51,291
Public Works	0	0	0	0	0	130,998	130,998
<i>Total Committed</i>	<u>51,291</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>130,998</u>	<u>182,289</u>
Assigned to:							
Other Purposes	2,920	0	0	0	0	0	2,920
Unassigned:	1,022,005	0	(7,094)	0	0	(23,190)	991,721
<i>Total Fund Balances</i>	<u>\$1,155,555</u>	<u>\$1,440,606</u>	<u>(\$7,094)</u>	<u>\$742,630</u>	<u>\$1,003,033</u>	<u>\$2,024,262</u>	<u>\$6,358,992</u>

**NOTE 7 - 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:

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;



**Gallia County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2011*

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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 (STAROhio);
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;
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.

**Gallia County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2011*

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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.

**Cash on Hand** At year end, the County had \$23,154 in undeposited cash on hand which is included as a part of "Equity in Pooled Cash and Cash Equivalents".

**Deposits** Custodial credit risk for deposits is the risk that in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, the carrying value of the County's deposits was \$9,050,609 and the bank balance was \$9,575,483. Of the bank balance \$829,272 was covered by Federal depository insurance and \$8,950,063 was exposed to custodial credit risk because it was uninsured and uncollateralized. This does not include \$118,598 in Cash and Cash Equivalents with Fiscal Agents and \$185,247 investment with fiscal agents which is held by SOCOG which cannot be disclosed by risk because it is co-mingled with other Counties' monies.

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

#### **COMPONENT UNITS**

At fiscal year end and at numerous times during the year, Gallco, Inc.'s bank balance of \$158,816 was covered by Federal Deposit Insurance Corporation. Gallco 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 Gallia-Meigs Regional Airport had no equity in the County's internal investment pool.

#### **NOTE 8 - RECEIVABLES**

Receivables at December 31, 2011, consisted of property taxes, sales taxes, accounts (billings for user fees including unbilled utility services), loans, intergovernmental receivables arising from entitlements and shared revenues, and interfund. Loans receivable of \$881,235 are reported in the Community Development Block Grant Special Revenue Fund and represent principal owed to the County relating to the sale of a speculative building that was sold to a local manufacturing company and financed by the County. The amount not scheduled for collection during the subsequent year is \$836,236. All receivables except property taxes and portion of the aforementioned loan are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

##### **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.

**Gallia County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2011*

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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.

The full tax rate for all County operations for the year ended December 31, 2011, was \$8.00 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	\$466,552,880
Personal Property	613,520
Public Utility Tangible Personal Property	<u>228,717,340</u>
Total Assessed Value	<u><u>\$695,883,740</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.

**B. Loans Receivable**

The Community Development Block Grant Special Revenue Fund reflects a loan receivable of \$881,235. This amount is for the principal owed to the County for State Industrial Site Improvement Fund Grant monies and local monies used to construct a speculative building that was sold to a local manufacturing company and financed by the County. The loan bears no interest. This loan is to be repaid over a 20 year period. The amount scheduled for collection during the subsequent year is \$44,999.

**Gallia County**  
*Notes to the Basic Financial Statements*  
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C. Intergovernmental Receivables

A summary of intergovernmental receivables follows:

<b>Governmental Activities:</b>	
Local Government	\$189,046
Estate Tax	207
Public Defender Reimbursements	31,138
Homestead and Rollback	151,919
Gasoline Tax	1,110,742
Motor Vehicle License Tax	722,229
Children Services Reimbursement	17,894
CSEA Reimbursements	243,138
School Resource Officer Grant	5,845
Federal Emergency Management Agency	490,109
ODNR Forrest and Floods Grant	26,222
Emergency Management Performance Grant	929
State Homeland Security Grant	17,723
Youth Services Grant	114,894
VOCA - Victims Assistance Grant	42,867
Board of Developmental Disabilities Subsidy	44,453
Special Education Part B - IDEA	24,377
Title XX	20,566
School Lunch Reimbursement	2,114
Family Support Subsidy	6,983
S18 Special Education Grant	289,285
Medicaid Reimbursements	72,182
Drug Use Prevention Program Grant	9,117
High Visibility Enforcement Grant	2,358
ARRA Rural Law Enforcement Grant	47,607
Domestic Violence Enforcement Grant	1,408
Community Corrections Grant	45,050
Federal Aviation Administration Grant	175,730
Highway Planning and Construction Assistance	363,606
Rural Business Enterprise Grant	99,000
Community Housing Improvement Program	494,126
Community Development Formula Grant	78,023
ARRA Broadband Technology Program Grant	630
Miscellaneous	77,002
<b>Total Governmental Activities</b>	<u>5,018,519</u>
<b>Business-Type Activities:</b>	
Sewer Program Grants	144,453
<b>Total Business-Type Activities</b>	<u>144,453</u>
<b>Total Intergovernmental Receivables</b>	<u><u>\$5,162,972</u></u>

**Gallia County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2011*

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**NOTE 9 - PERMISSIVE SALES AND USE TAX**

On November 17, 1981, the County Commissioners adopted by resolution a one-half 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. On March 5, 1987, the County Commissioners adopted by resolution a proposal for an additional one-half percent tax as allowed by Sections 5705.026 and 5705.023, Revised Code, which was approved by the voters at a special election held on May 5, 1987. On August 18, 1994, the County Commissioners adopted by resolution a proposal for an additional one-quarter of one percent tax for the implementation of a county-wide 9-1-1 system, as allowed by Sections 5739.026 and 5741.023 of the Revised Code, which was voted on and passed by the voters on November 8, 1994. The tax for the 9-1-1 system is approved for a period of five years. The most recent renewal was approved on November 16, 2009.

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.

In 2011, the General Fund received \$3,401,385 and the 9-1-1 Special Revenue Fund received \$850,318 in sales and use tax revenue. A receivable is recognized at year end for amounts that will be received from sales which occurred during 2011.

**Gallia County**  
*Notes to the Basic Financial Statements*  
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**NOTE 10 - CAPITAL ASSETS**

***PRIMARY GOVERNMENT***

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

	<u>Balance at</u> <u>12/31/2010*</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at</u> <u>12/31/11</u>
<b>Governmental Activities:</b>				
Capital Assets not being Depreciated:				
Land	\$488,565	\$160,000	\$0	\$648,565
Infrastructure	21,987,700	4,540,957	186,000	26,342,657
Construction in Progress	761,591	196,560	958,151	0
Total Capital Assets not being Depreciated	<u>23,237,856</u>	<u>4,897,517</u>	<u>1,144,151</u>	<u>26,991,222</u>
Depreciable Capital Assets:				
Land Improvements	130,657	0	0	130,657
Buildings and Improvements	10,910,906	1,232,101	1,389,067	10,753,940
Furniture, Fixtures, and Equipment	5,320,595	290,915	5,682	5,605,828
Vehicles	2,958,804	457,176	289,729	3,126,251
Total Depreciable Capital Assets	<u>19,320,962</u>	<u>1,980,192</u>	<u>1,684,478</u>	<u>19,616,676</u>
Less Accumulated Depreciation:				
Land Improvements	(81,599)	(4,139)	0	(85,738)
Buildings and Improvements	(4,602,643)	(69,595)	38,326	(4,633,912)
Furniture, Fixtures, and Equipment	(3,428,983)	(338,046)	5,682	(3,761,347)
Vehicles	(1,943,722)	(292,988)	259,929	(1,976,781)
Total Accumulated Depreciation	<u>(10,056,947)</u>	<u>(704,768)</u>	<u>303,937</u>	<u>(10,457,778)</u>
Total Capital Assets being Depreciated, Net	<u>9,264,015</u>	<u>1,275,424</u>	<u>1,380,541</u>	<u>9,158,898</u>
Governmental Activities Capital Assets, Net	<u>\$32,501,871</u>	<u>\$6,172,941</u>	<u>\$2,524,692</u>	<u>\$36,150,120</u>

\* As Restated, see Note 3.

Depreciation expense was charged to governmental activities as follows:

General Government:	
Legislative and Executive	\$114,877
Judicial	7,752
Public Safety	167,735
Public Works	223,411
Health	128,973
Human Services	62,020
Total Depreciation Expense	<u>\$704,768</u>

**Gallia County**  
*Notes to the Basic Financial Statements*  
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	Balance at 12/31/10	Additions	Deductions	Balance at 12/31/11
<b>Business-Type Activities:</b>				
Capital Assets not being Depreciated:				
Construction in Progress	\$5,011,756	\$1,934,026	\$1,207,576	\$5,738,206
Depreciable Capital Assets:				
Buildings and Improvements	6,215,700	1,169,148	0	7,384,848
Furniture, Fixtures, and Equipment	17,379	13,990	0	31,369
Vehicles	0	24,438	0	24,438
Total Capital Assets being Depreciated	6,233,079	1,207,576	0	7,440,655
Less Accumulated Depreciation:				
Buildings and Improvements	(2,230,379)	(170,355)	0	(2,400,734)
Furniture, Fixtures, and Equipment	(17,379)	(2,798)	0	(20,177)
Vehicles	0	(6,110)	0	(6,110)
Total Accumulated Depreciation	(2,247,758)	(179,263)	0	(2,427,021)
Total Capital Assets being Depreciated, Net	3,985,321	1,028,313	0	5,013,634
Business-Type Activities Capital Assets, Net	<u>\$8,997,077</u>	<u>\$2,962,339</u>	<u>\$1,207,576</u>	<u>\$10,751,840</u>

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

**COMPONENT UNITS**

Capital asset activity for the Gallco Industries, Inc. for the year ended December 31, 2011, was as follows:

	Balance at 12/31/10	Additions	Deductions	Balance at 12/31/11
<b>Gallco Industries, Inc.:</b>				
Depreciable Capital Assets:				
Vehicles	\$252,592	\$0	\$0	\$252,592
Less Accumulated Depreciation:				
Vehicles	(133,126)	(20,754)	0	(153,880)
Total Gallco Industries, Inc. Capital Assets, Net	<u>\$119,466</u>	<u>(\$20,754)</u>	<u>\$0</u>	<u>\$98,712</u>

**Gallia County**  
*Notes to the Basic Financial Statements*  
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Capital asset activity for the Gallia-Meigs Regional Airport for the year ended December 31, 2011, was as follows:

	Balance at 12/31/10	Additions	Deductions	Balance at 12/31/11
<b>Gallia-Meigs Regional Airport:</b>				
Capital Assets not being Depreciated:				
Construction in Progress	\$241,657	\$282,207	\$273,950	\$249,914
Depreciable Capital Assets:				
Buildings and Improvements	1,536,442	352,231	0	1,888,673
Furniture, Fixtures, and Equipment	14,234	0	0	14,234
Total Capital Assets being Depreciated	1,550,676	352,231	0	1,902,907
Less Accumulated Depreciation:				
Buildings and Improvements	(477,790)	(51,565)	0	(529,355)
Furniture, Fixtures, and Equipment	(6,344)	(1,542)	0	(7,886)
Total Accumulated Depreciation	(484,134)	(53,107)	0	(537,241)
Total Capital Assets being Depreciated, Net	1,066,542	299,124	0	1,365,666
Gallia-Meigs Regional Airport Capital Assets, Net	<u>\$1,308,199</u>	<u>\$581,331</u>	<u>\$273,950</u>	<u>\$1,615,580</u>



**Gallia County**  
*Notes to the Basic Financial Statements*  
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**NOTE 11 - RISK MANAGEMENT**

***PRIMARY GOVERNMENT***

***A. Property and Liability***

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2011, the County contracted with the County Risk Sharing Authority, Inc. (CORSA), an insurance purchasing pool (see Note 23), 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:

Property	Deductible	Limits of Coverage
Real Property	\$2,500	\$61,007,875
General Liability	2,500	1,000,000 Per Occurrence
Law Enforcement	2,500	1,000,000 Per Occurrence
Employee Benefits	2,500	1,000,000 Per Occurrence
Equipment Breakdown	2,500	100,000,000
Medical Expense:	0	5,000/50,000
Employer's Liability (Stop Gap)	2,500	1,000,000 Per Occurrence
Electronic Equipment/Media Coverage:		
Electronic Media	2,500	766,450
Extra Expense	2,500	1,000,000
Crime Coverage:		
Theft, Disappearance, Destruction	2,500	1,000,000 Per Occurrence
Public Dishonesty	2,500	1,000,000 Per Occurrence
Forgery and Alteration	2,500	1,000,000 Per Occurrence
Computer Fraud	2,500	1,000,000 Per Occurrence
Automobile	2,500	1,000,000 Per Occurrence
Property Off Premises	2,500	1,000,000 Per Occurrence
Property in Transit	2,500	100,000 Per Occurrence
Accounts Receivable	2,500	1,000,000 Per Occurrence

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

***B. Workers' Compensation***

For 2011, the County participated in the County Commissioners Association of Ohio Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool (see Note 23). The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating Counties is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. In order to allocate the savings derived by formation of the Plan, and to maximize the number of participants in the Plan, the Plan's executive committee annually calculates the total savings which accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the Plan is limited to Counties that can meet the Plan's selection criteria. The firm of Gates McDonald, Inc. provides administrative, cost

**Gallia County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2011*

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control and actuarial services to the Plan. Each year, the County pays an enrollment fee to the Plan to cover the costs of administering the program.

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

The County pays all elected officials bonds by State statute.

**C. Medical Expense Reimbursement Plan**

The County has a Medical Expense Reimbursement Plan, Max 105, to reimburse eligible employees (those that are participating in the County's health plan) for the portion of their and their dependent's health claims. The Max 105 program is a combination of benefits that are provided by the County and United Healthcare. The County's health plan with United Healthcare covers the employees' major medical costs. The policy is a high deductible plan. The Max 105 program covers the difference between the high deductible plan with United Healthcare and the employees' personal deductible.

The purpose of the Max 105 program is to reimburse providers for employees covered under the Max 105 program for a portion of the uninsured medical expenses they incur each year while they are employed with the County and the Max 105 remains in effect. It is to help the employee and their dependents receive the medical care needed in the most cost-effective manner possible.

The claims paid are those submitted after the employee's deductible amount has been reached, but before the employer's health plan deductible with United Healthcare has been reached. Claims covered are for amounts applied to the medical deductible and co-insurance expenses incurred during the plan year, up to the employer's health plan annual deductible amount with United Healthcare.

**COMPONENT UNIT**

Gallco Industries, Inc. and the Gallia-Meigs Regional Airport have obtained commercial insurance for property, general liability, and public employee dishonesty.

**NOTE 12 - 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.

**Gallia County**  
*Notes to the Basic Financial Statements*  
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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 state and local employer units and 18.1 percent of covered payroll for law enforcement and public safety employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in State and local divisions and 12 percent for law enforcement and public safety members. For the year ended December 31, 2011, members in state and 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 state and 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 County'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 County's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2011, 2010, and 2009, were \$1,216,290 \$1,540,742, and \$1,567,883, respectively. For 2011, 91.15 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 \$22,702 made by the County and \$16,216 made by plan members.

**B. State Teachers Retirement System**

Plan Description – Certified teachers, employed by the school for developmental disabilities, participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple-employer public employee retirement 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](http://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.

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*Notes to the Basic Financial Statements*  
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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 County was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For year 2011, 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 \$71,705, \$81,253, and \$86,365, respectively. For 2011, 100.00 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 2011 were \$7,647 made by the County and \$5,462 made by the plan members.

**NOTE 13 - POSTEMPLOYMENT BENEFITS**

**A. Ohio Public Employees Retirement System**

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

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

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

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by 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.

**Gallia County**  
*Notes to the Basic Financial Statements*  
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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 County's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2011, 2010, and 2009, were \$507,714, \$584,707, and \$660,011, respectively. For 2011, 91.15 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.

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

Plan Description – The County 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](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 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 \$5,516, \$5,804, and \$6,163, respectively. For 2011, 100.00 percent has been contributed. The full amount has been contributed for 2010 and 2009.

**NOTE 14 - OTHER EMPLOYER BENEFITS**

***A. Deferred Compensation Plan***

Gallia 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.

**Gallia County**  
*Notes to the Basic Financial Statements*  
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**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, Engineer, Sheriff, Emergency Management Services, and Job and Family Services are represented by union agreements. 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. Upon retirement, with 10 or more years service with the County, the State, or any of its political subdivisions, all employees except those of the Board of Developmental Disabilities, Engineer, Sheriff, and the Emergency Management Services, are paid 25% of their sick leave up to a maximum of 360 hours. The Board of Developmental Disabilities employees are paid at varying rates of 30% to 50% of all accumulated sick leave depending upon length of service with the Gallia County Board of Developmental Disabilities. The Engineer department employees are paid for accumulated sick leave at a rate of 100% up to 240 hours, 50% for 241 hours to 600 hours, and 25% for all remaining unused sick leave above 600 hours. Sheriff department employees are paid 100% for all accumulated sick leave to a maximum of 240 hours. Emergency Management Services employees are paid 25% of their sick leave up to a maximum of 600 hours.

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

**C. Insurance Benefits**

In 2011, the County contracted with United Healthcare to provide all employees with \$15,000 each in life and accidental death and dismemberment insurance.

The County provides comprehensive major medical and dental insurance through United Healthcare and vision insurance through VSP for all employees except those of the Engineer's office. Monthly premiums are \$597.70 for single coverage and \$1,579.76 for family coverage. The County pays \$526.14 of the premiums for single plans and the County's employees pay the remaining balances. The County pays \$1,345.86 of the premiums for employees participating in the family plan with the remainder being paid by the employee. For the Engineer's office, the County pays \$561.70 for single coverage and the employee pays the remaining balance. For family coverage the County pays \$1,511.36 and the Engineer employees pay the remaining balance.

**Gallia County**  
*Notes to the Basic Financial Statements*  
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**NOTE 15 - CONTRACTUAL COMMITMENTS**

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

Project	Fund	Contract Amount	Amount Expended	Balance at 12/31/2011
<b>Governmental Activities:</b>				
Property Reappraisal	Real Estate Assessment	\$503,400	\$466,531	\$36,869
County Road 3 Slip Repair	Issue II	1,021,443	885,068	136,375
Bladen Road Slip Repair	Issue II	820,182	812,668	7,514
County Road 50 Slip Repair	Issue II	456,556	338,233	118,323
County Road 1	Issue II	407,388	0	407,388
Total Governmental Activities		<u>3,208,969</u>	<u>2,502,500</u>	<u>706,469</u>
<b>Business-Type Activities:</b>				
Green Sewer Improvements	Sewer	417,073	373,821	43,252
Tara Estates Rehabilitation	Sewer	163,553	116,749	46,804
Kanauga/Addison Sewer Improvements	Sewer	5,243,667	4,896,419	347,248
Total Business-Type Activities		<u>5,824,293</u>	<u>5,386,989</u>	<u>437,304</u>
<b>Component Units:</b>				
Fuel Farm	Airport	416,904	249,914	166,990
Total Contractual Commitments		<u>\$9,450,166</u>	<u>\$8,139,403</u>	<u>\$1,310,763</u>

**NOTE 16 - RELATED PARTY TRANSACTIONS**

Gallco Industries, Inc., a discretely presented component unit of Gallia 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 \$86,873.

During 2011, the County appropriated and paid \$42,957 to the Gallia-Meigs Regional Airport, a discretely presented component unit of Gallia County which is classified as operating grants and contributions on the statements of activities.

**NOTE 17 - FOOD STAMPS**

The County's Department of Job and Family Services distributes, through contracting issuance centers, federal food stamps to entitled recipients within Gallia 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 18 - 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.

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

**NOTE 19 - INTERFUND TRANSFERS AND BALANCES**

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

Interfund Payable	Interfund Receivable					Total
	General	Job and Family Services	Board of Developmental Disabilities	Community Development Block Grant	Other Governmental Funds	
Major Funds:						
General	\$0	\$0	\$0	\$0	\$2,197	\$2,197
Job and Family Services	15,634	0	0	1,360	14,556	31,550
Board of Developmental Disabilities	37,500	0	0	0	0	37,500
Community Development Block Grant	2,745	0	0	0	11	2,756
Sewer	134,139	0	0	0	0	134,139
Other Governmental Funds	59,407	14,519	1,126	0	54,619	129,671
	<u>\$249,425</u>	<u>\$14,519</u>	<u>\$1,126</u>	<u>\$1,360</u>	<u>\$71,383</u>	<u>\$337,813</u>

The interfund payable in the Sewer Enterprise Fund is a result of the General Fund making sewer related expenditures. These items are expected to be repaid upon completion of the related projects and generation of revenues by the system. 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. Remaining interfund receivables/payables will be reimbursed either when funds become available or when payments for services are rendered.

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

Transfers Out	Transfer from Major Funds			Total
	Job and Family Services	Community Development Block Grant	Other Governmental Funds	
Major Funds:				
General	\$129,559	\$44,000	\$902,092	\$1,075,651
Motor Vehicle Gasoline Tax Fund	0	0	56,900	56,900
Board of Developmental Disabilities	0	0	91,213	91,213
Community Development Block Grant			15,624	15,624
Other Governmental Funds	0	0	49,036	49,036
	<u>\$129,559</u>	<u>\$44,000</u>	<u>\$1,114,865</u>	<u>\$1,288,424</u>



**Gallia County**  
*Notes to the Basic Financial Statements*  
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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 20 - CAPITAL LEASES - LESSEE DISCLOSURE**

In the current and prior years, the County has entered into capitalized leases for copiers and mail 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 \$58,062, 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 \$19,118 as of December 31, 2011. Principal payments for all capital leases during 2011 totaled \$5,049.

Future minimum lease payments through 2016 are as follows:

Fiscal Year	Amount
2012	\$12,142
2013	12,142
2014	12,142
2015	5,022
2016	2,999
Total Minimum Lease Payments	44,447
Less: Amount Representing Interest	(10,374)
Present Value of Net Minimum Lease Payments	\$34,073

**NOTE 21 - JOINTLY GOVERNED ORGANIZATIONS**

*A. Joint Solid Waste Management District*

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

The District is governed and operated through three groups. A twelve member Board of Directors, comprised of the three commissioners from each county, is responsible for the District's financial matters. Financial records are maintained by the District. The District's sole revenue source is a waste disposal fee for in-district and out-of-district waste. A twenty-five member Policy Committee, comprised of six members from each county and one at-large member appointed by the Policy Committee, is responsible for preparing the solid waste management plan of the District in conjunction with a Technical Advisory Council whose members are appointed by the Policy Committee. Each participating County's influence is limited to the numbers of members each appoints to the Board. Continued existence of the District is not dependent upon the County's continued participation, no equity interest exists, and no debt is outstanding. The County made no contributions to the District in 2011.

## Gallia County

Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011

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### B. Gallia-Jackson-Meigs Counties Board of Alcohol, Drug Addition, and Mental Health Services

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

All of the Board's revenue is derived from State and Federal grants awarded to the multi-county Board. Gallia County serves as fiscal agent for the Board and it is presented as an Agency Fund. Continued existence of the ADAMH is not dependent upon the County's continued participation, no debt exists, and the County does not have an equity interest in the Board. During 2011, the County made no in payments to the Board.

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

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

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

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

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

The Ohio Valley Resource Conservation and Development Area, Inc. is a jointly governed organization that is operated as a non-profit corporation. The Ohio Valley Resource Conservations and Development Area, Inc. was created to aid regional planning to participating counties. Jackson County, along with Ross, Vinton, Highland, Gallia, Brown, Adams, Pike, Scioto, and Lawrence Counties each appoint three members to the thirty member Council. The Council selects an administrator to oversee operations. In 2011, the County made a \$500 contribution to the OVRCD.

**Gallia County**  
*Notes to the Basic Financial Statements*  
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*F. Southeastern Ohio Corrections Commission*

The Southeastern Ohio Corrections Commission was formed for the purpose of planning to build a community jail through state funding. The Commission consists of Gallia, Jackson, and Meigs Counties. The state funding never materialized, but the Commission has remained together in the case there would be any new grants to apply for in the future. The Commission consists of nine members which included the President of the Commissioners, the Common Pleas Judge, and the Sheriff from each county. The Commission's fiscal agent will be the County Auditor of the County in which the jail is constructed. The County made no contributions to the Commission in 2011, and the Commission is not dependent upon the County's continued participation.

*G. Gallia-Meigs Community Action Agency*

The Gallia-Meigs Community Action Agency (the Agency) is a non-profit corporation organized to plan, conduct and coordinate programs designed to combat social and economic problems and to help eliminate conditions of poverty within Gallia and Meigs Counties. The agency is governed by an eighteen member board which consists of three commissioners from each county, three business owners from each county, and three low income individuals elected by each county. The three business owners are nominated by other local business owners and the three low income individuals are nominated by local town council meetings. The Agency received federal and state monies which are applied for and received by, and in the name of, the Board of Directors. The Gallia County Commissioners apply for the Community Housing Improvement Program Grant and the HOME Grant which are administered implemented by the Agency. The County is the fiscal agent for the grant, but the grants are used by the Agency to improve low income family housing in Gallia County. The Agency contracts for expenses that relate to the grants and then the County Commissioners issue the payments. The Board of County Commissioners exercises total control of the budgeting, appropriation, contracting and management. Continued existence of the Agency is not dependent upon the County's continued participation, nor does the County have an equity interest in the Agency. The Agency is not accumulating significant financial resources and is not experiencing fiscal distress that may cause an additional financial benefit to or burden on the County. In 2011, the County paid \$304,608 to the Agency for services provided to the County.

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

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

*I. Ohio Valley Regional Development Commission*

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

**Gallia County**  
*Notes to the Basic Financial Statements*  
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existence. In 2011, the County paid \$5,218 to the Ohio Valley Regional Development Commission for membership.

*J. Southern Ohio Council of Governments*

The County is a member of the Southern Ohio Council of Governments (the "Council"), which is a jointly governed organization created under Ohio Revised Code Section 167.01. The governing body consists of a thirteen member board with each participating County represented by its Director of its Board of Mental Retardation and Developmental Disabilities (MRDD). Member counties include: Adams, Athens, Brown, Fayette, Gallia, Highland, Jackson, Lawrence, Pickaway, Pike, Ross, Scioto, and Vinton Counties. The Council acts as fiscal agent for the Gallia County MRDD's supportive living program monies. During 2011, the Council received \$57,402 from Gallia County and as of December 31, 2011, the County had a \$303,845 balance on hand with the Council. These monies are recorded as "Cash and Cash Equivalents with Fiscal Agents" and "Investments with Fiscal Agents" on the County's financial statements. Financial statements can be obtained from the Council at 43 N. Paint St., Chillicothe, Ohio 45601.

**NOTE 22 - RELATED ORGANIZATIONS**

*A. O.O. McIntyre Park District*

The County Probate Judge is responsible for appointing the three-member board of the O.O. McIntyre Park District. Removal of the members requires due process. The County has no ability to impose its will on the organization nor is a benefit/burden relationship exist. The Park District has a one-half mill property tax that is collected by Gallia County and then transferred into the Park District Agency Fund. In addition, the Park District receives one percent of the County's share of Undivided Local Government Revenue Assistance and State income taxes. These items totaled \$10,010 in 2011. The Park District is its own budgeting and taxing authority and has no outstanding debt. The County Auditor serves as the fiscal agent for the Park District; therefore, the financial activity is reflected in the Park District Agency Fund.

*B. Bossard Memorial Library*

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

*C. Gallia Metropolitan Housing Authority*

The Gallia Metropolitan Housing Authority is a nonprofit organization established to provide adequate public housing for low income individuals and was created pursuant to State Statutes. The Authority is operated by a five member board. Two board members are appointed by the City of Gallipolis, one member is appointed by the Probate Court Judge, one member is appointed by the Common Pleas Court Judge, and one member is appointed by the County Commissioners. The Authority receives funding from the U.S. Department of Housing and Urban Development. The Board sets its own budget and selects its own management, and the County is not involved in its management or operation. The County is not financially accountable for the Authority.

**Gallia County**  
*Notes to the Basic Financial Statements*  
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**NOTE 23 – SHARED RISK 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 \$190,129.

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

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

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

**NOTE 24 – DECLINING MORTGAGE LOANS**

Gallia County administers a loan program with funds provided by the U.S. Department of Housing and Urban Development, through the Ohio Department of Development, Office of Housing and Community Partnerships. The purpose of this program is to provide loans to low and moderate income families for home improvements. Loans are provided as declining mortgage loans with the intent that they do not have to repay 85% of the loan (85% of the loan is released at the end of either a five or ten year period), unless they would sell the residence before the five or ten year period ended. The remaining 15 percent would remain as a mortgage to the property until such time as the owner either pays it off or sells the property. When the owner repays the remaining 15 percent, these monies are deposited into the County's Housing Program Income Fund and then used as a match to current Home Investment Partnership Program Grants. As of December 31, 2011, the total amount of loans outstanding was \$168,409. Due to the nature of these loans, they do not constitute a receivable or pledge and the loans accordingly have not been reported in the accompanying basic financial statements.

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**NOTE 25 - LONG-TERM OBLIGATIONS**

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

	Principal Outstanding 12/31/10	Additions	Deductions	Principal Outstanding 12/31/11	Amounts Due in One Year
<b>Governmental Activities:</b>					
General Obligation Bonds:					
1998 Solid Waste Facility - 4.95%	\$60,000	\$0	\$30,000	\$30,000	\$30,000
2006 Early Childhood and Family Center - 4.45%	1,388,919	0	29,406	1,359,513	30,715
2009 EMS Station - 3.99%	142,037	0	3,860	138,177	4,001
2010 Speculative Building - 4.08%	236,743	0	12,826	223,917	13,331
2010 Airport Hangers - 4.34%	275,000	0	6,307	268,693	6,580
2011 Davis Lot Land - 4.50%	0	160,000	0	160,000	5,100
<b>Total General Obligation Bonds</b>	<b>2,102,699</b>	<b>160,000</b>	<b>82,399</b>	<b>2,180,300</b>	<b>89,727</b>
2007 Ambulances Loan - 4.19%	29,415	0	29,415	0	0
2008 Rescue Truck Loan - 3.95%	16,539	0	8,108	8,431	8,431
2008 Grader Loan - 3.65%	107,776	0	52,912	54,864	54,864
Capital Leases *	23,666	15,456	5,049	34,073	7,699
Compensated Absences	1,487,134	0	377,482	1,109,652	517,855
<b>Total Governmental Activities</b>	<b>\$3,767,229</b>	<b>\$175,456</b>	<b>\$555,365</b>	<b>\$3,387,320</b>	<b>\$678,576</b>
<b>Business-Type Activities:</b>					
OWDA Loans:					
2008 Green Sewer - 5.21%	\$296,344	\$117,306	\$68,722	\$344,928	\$12,200
2009 Kanauga/Addison Sewer - 0.00%	360,000	0	9,000	351,000	9,000
2009 Kanauga/Addison Sewer - 1.48%	1,874,652	27,554	0	1,902,206	0
2009 Mercerville Sewer - 0.00%	8,396	210,294	8,884	209,806	5,889
2011 Kanauga/Addison Sewer - 1.00%	0	160,372	0	160,372	0
<b>Total OWDA Loans</b>	<b>2,539,392</b>	<b>515,526</b>	<b>86,606</b>	<b>2,968,312</b>	<b>27,089</b>
2000 USDA Sewer General Obligation Bonds - 4.50%	1,721,800	0	28,100	1,693,700	29,500
2002 OPWC Bidwell Porter Sewer - 0.00%	132,250	0	11,500	120,750	5,750
2008 OPWC Kanauga/Addison Sewer - 0.00%	0	287,081	0	287,081	0
<b>Total USDA Bonds and OPWC Loans</b>	<b>1,854,050</b>	<b>287,081</b>	<b>39,600</b>	<b>2,101,531</b>	<b>35,250</b>
Compensated Absences	10,238	0	8,572	1,666	0
<b>Total Business-Type Activities</b>	<b>\$4,403,680</b>	<b>\$802,607</b>	<b>\$134,778</b>	<b>\$5,071,509</b>	<b>\$62,339</b>

\* - As restated, see Note 3

**A. Governmental Activities**

In April 1998, the County issued General Obligation Bonds in the amount of \$337,500 at 4.95 percent for the purpose of constructing a solid waste recycling facility. Principal and interest payments are due June and December 1 of each year through 2012. The bonds will be retired from recycling center receipts.

**Gallia County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2011*

Principal and Interest requirements to retire the County's Solid Waste General Obligation Bond at December 31, 2011, are as follows:

Year Ended December 31,	Principal	Interest	Total
2012	\$30,000	\$1,485	\$31,485

In September 2006, the County issued General Obligation Bonds in the amount of \$1,480,000 at 4.45 percent for the purpose of constructing an early family and childhood center. Principal and interest payments are due December 1 of each year through 2036. The bonds will be retired from the Board of Developmental Disabilities Fund.

Principal and Interest requirements to retire the County's Early Family and Childhood Center General Obligation Bond at December 31, 2011, are as follows:

Year Ended December 31,	Principal	Interest	Total
2012	\$30,715	\$60,498	\$91,213
2013	32,081	59,132	91,213
2014	33,509	57,704	91,213
2015	35,000	56,213	91,213
2016	36,558	54,655	91,213
2017-2021	208,688	247,377	456,065
2022-2026	259,442	196,623	456,065
2027-2031	322,539	133,526	456,065
2032-2036	400,981	55,084	456,065
	<u>\$1,359,513</u>	<u>\$920,812</u>	<u>\$2,280,325</u>

In January 2009, the County issued General Obligation Bonds in the amount of \$150,000 at 3.99 percent for the purpose of constructing an EMS Station. Principal and Interest payments are due December 1 each year through 2033. The bonds will be retired from the Emergency Manage System Fund.

Principal and Interest requirements to retire the County's EMS Station General Obligation Bond at December 31, 2011, are as follows:

Year Ended December 31,	Principal	Interest	Total
2012	\$4,001	\$5,605	\$9,606
2013	4,178	5,428	9,606
2014	4,347	5,259	9,606
2015	4,523	5,083	9,606
2016	4,693	4,913	9,606
2017-2021	26,530	21,501	48,031
2022-2026	32,351	15,680	48,031
2027-2031	39,449	8,582	48,031
2032-2033	18,105	1,108	19,213
	<u>\$138,177</u>	<u>\$73,159</u>	<u>\$211,336</u>

## Gallia County

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011*

In January 2010, the County issued General Obligation Bonds in the amount of \$250,258 at 4.08 percent for the purpose of constructing a speculative building. Principal and interest payments are due December 1 of each year through 2024. The bonds will be retired from loan revenue in the Community Development Block Grant Fund. In 2011, the County sold the speculative building to a local manufacturing company. A loan receivable in the amount of \$899,984 was set up in the Community Development Block Grant Fund. The proceeds of the receivable will be used to retire the General Obligation Bond.

Principal and Interest requirements to retire the County's Speculative Building General Obligation Bond at December 31, 2011, are as follows:

Year Ended December 31,	Principal	Interest	Total
2012	\$13,331	\$9,288	\$22,619
2013	13,908	8,711	22,619
2014	14,484	8,135	22,619
2015	15,083	7,536	22,619
2016	15,688	6,931	22,619
2017-2021	88,817	24,280	113,097
2022-2024	62,606	5,252	67,858
	<u>\$223,917</u>	<u>\$70,133</u>	<u>\$294,050</u>

In July 2010, the County issued General Obligation Bonds in the amount of \$275,000 at 4.34 percent for the purpose of constructing two airport hangers at the Gallia-Meigs Regional Airport. Principal and interest payments are due December 1 of each year through 2035. The bonds will be retired from hangar rental fees revenue posted to the County's bond retirement fund.

Principal and Interest requirements to retire the County's Airport General Obligation Bond at December 31, 2011, are as follows:

Year Ended December 31,	Principal	Interest	Total
2012	\$6,580	\$11,662	\$18,242
2013	6,866	11,376	18,242
2014	7,164	11,078	18,242
2015	7,475	10,767	18,242
2016	7,799	10,443	18,242
2017-2021	44,377	46,831	91,208
2022-2026	54,876	36,332	91,208
2027-2031	67,868	23,340	91,208
2032-2035	65,688	7,278	72,966
	<u>\$268,693</u>	<u>\$169,107</u>	<u>\$437,800</u>

In December 2011, the County issued General Obligation Bonds in the amount of \$160,000 at 4.50 percent for the purpose of purchasing the Davis Hall lot. Principal and interest payments are due December 1 of each year through 2031. The bonds will be retired from the General Fund.



**Gallia County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2011*

Principal and Interest requirements to retire the County's Davis Lot General Obligation Bond at December 31, 2011, are as follows:

Year Ended December 31,	Principal	Interest	Total
2012	\$5,100	\$6,640	\$11,740
2013	5,330	6,970	12,300
2014	5,570	6,730	12,300
2015	5,820	6,480	12,300
2016	6,082	6,218	12,300
2017-2021	34,770	26,730	61,500
2022-2026	43,330	18,171	61,501
2027-2031	53,998	7,503	61,501
	<u>\$160,000</u>	<u>\$85,442</u>	<u>\$245,442</u>

In July 2008, the County entered into a loan in the amount of \$40,000 at 3.95 percent for the purpose of purchasing a Rescue Truck. Principal and interest payments are due December 1 of each year through 2012. The loan will be retired from the Emergency Management System Fund.

Principal and Interest requirements to retire the County's Rescue Truck Loan at December 31, 2011, are as follows:

Year Ended December 31,	Principal	Interest	Total
2012	\$8,431	\$339	\$8,770

In May 2008, the County entered into a loan in the amount of \$260,000 at 3.65 percent for the purpose of purchasing a Gradall Grader. Principal and interest payments are due December 1 of each year through 2012. The loan will be retired from the Motor Vehicle Gasoline Tax Fund.

Principal and Interest requirements to retire the County's Gradall Grader Loan at December 31, 2011, are as follows:

Year Ended December 31,	Principal	Interest	Total
2012	\$54,864	\$2,036	\$56,900

Compensated absences will be paid from the fund from which the employees' salaries are paid. These funds include the General Fund, the Motor Vehicle and Gasoline Tax, Children Services, Dog and Kennel, Job and Family Services, Child Support Enforcement Administration, Emergency Management, Court and Corrections, Real Estate Assessment, Board of Developmental Disabilities, Sheriff, Emergency Management System, and Community Development Block Grant Special Revenue Funds, and the Sewer Enterprise Funds. Capital lease obligations are paid from intergovernmental tax revenues from the Community Development Block Grant Fund and general property tax revenues in the General Fund.

**B. Business-Type Activities**

In June 2006, the County entered into an agreement with OWDA for a Green Township Sanitary Sewer Study in the amount of \$50,000. On August 28, 2008 the County was approved for a \$325,000 Green Sewer Phase I Design Loan which was used to pay off the Sanitary Sewer Study Loan. On March 31, 2011 the County was approved for an additional \$163,000 for a total of \$488,000. The current contract

**Gallia County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2011*

term is for an interest rate of 5.21% with \$12,200 principal payment amounts semiannually for five years with a final payment date of July 1, 2014. The design loan will be rolled over into a long term construction loan for payment. The loan will be paid from pledged revenues charged for services of the system. The County is currently making semi-annual principal payments of \$12,200 which represents 1/40th of the authorized loan amount. As of December 31, 2011 the County has repaid \$61,000. As of December 31, 2011, OWDA had not disbursed the entire amount of the loan.

In 2009, the County entered into a Water Pollution Control Loan Fund agreement through OWDA which included assistance from the American Reinvestment and Recovery Act (ARRA) in the amount of \$720,000 for additional financing on the Kanauga-Addison Sewer System. This loan has a 0% interest rate and a term of 20 years. \$360,000 of this loan was paid with grant funding from the American Reinvestment and Recovery Act. As of December 31, 2011, \$720,000 was disbursed on this loan; \$360,000 of the loan has been repaid with the above mentioned ARRA grant funding. In accordance with Section 603(d)(1)(c) of the Clean Water Act, the County has established a dedicated source of revenue for repayment of the loan. The dedicated source of repayment for the loan is the sewer use charges in the Gallia County Commissioner's Resolution passed on May 14, 2009. Semi - annual payment amounts are \$9,000 with the date of first payment of January 1, 2012 which was paid during 2011.

Principal and Interest requirements to retire the County's Kanauga/Addison Sewer OWDA Loan at December 31, 2011, are as follows:

Year Ended December 31,	Principal
2012	\$9,000
2013	18,000
2014	18,000
2015	18,000
2016	18,000
2017-2021	90,000
2022-2026	90,000
2027-2031	90,000
	<u>\$351,000</u>

The County was required to secure interim financing relating to the construction of the Kanauga-Addison Sewer System for which the County received a \$1,862,000 USDA Rural Development loan relating to the construction. On August 27, 2009, the County secured interim financing for the USDA Rural Development loan with the Ohio Water Development Authority (OWDA) at an interest rate of 1.48% for a term of 40 years. The OWDA loan was used to pay off the 2006 OWDA planning loan related to the project. As of December 31, 2011, \$1,902,206 has been disbursed on the OWDA Loan, which includes capitalized interest. The County has pledged future Kanauga - Addison Sewer System customer revenues, net of specified operating expenses, to repay the \$1,862,000 OWDA Loan issued in 2009. Proceeds from the loan provide financing for the construction of the Kanauga - Addison Sewer System. The loan is payable solely from sewer customer net revenues and are payable through 2052. Annual principal and interest payments on the bonds are expected to be less than net revenues. It is expected that the interim OWDA loan will be replaced with the USDA Rural Development loan upon completion of the Kanauga - Addison Sewer project.

In 2009, the County entered into a Water Pollution Control Loan Fund agreement through OWDA which included assistance from the American Reinvestment and Recovery Act (ARRA). In June 2011, an additional \$110,000 was approved. This loan has a 0% interest rate and a term of 20 years. \$450,000 of this loan is scheduled to be paid with grant funding from the American Reinvestment and Recovery Act (ARRA). As of December 31, 2011, \$668,691 was disbursed on this loan; \$450,000 of the loan has been repaid with the above mentioned ARRA grant funding. In accordance with Section 603(d)(1)(c) of the

**Gallia County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2011*

Clean Water Act, the County has established a dedicated source of revenue for repayment of the loan. The dedicated source of repayment for the original loan is the sewer use charges in the Gallia County Commissioner's Resolution passed on May 14, 2009. The dedicated source of repayment for the supplemental loan is the wastewater user connection fees in Gallia County Commissioner's Resolution passed on December 16, 2010. The first payment of \$2,994 was made on the original loan in 2010. Semi - annual payment amounts were \$2,994 with the date of first payment of January 1, 2011 which was paid during 2010. With receipt of the supplemental loan, semi - annual payments are currently \$5,790. As of December 31, 2011, OWDA had not disbursed the entire amount of the loan.

Principal and Interest requirements to retire the County's Mercerville Sewer WPCLF OWDA Loan at December 31, 2011, are as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Principal</u>
2012	\$5,889
2013	11,579
2014	11,579
2015	11,579
2016	11,579
2017-2021	57,897
2022-2026	57,897
2027-2030	46,318
	<u><u>\$214,317</u></u>

In June 2011, the County entered into an agreement with OWDA for a Community Assistance Fund Loan for additional funding for the Kanauga – Addison Sewer project. The maximum amount of the loan is \$500,000 at a rate of one percent for a term of thirty years. The County has pledged future Kanauga - Addison Sewer System customer revenues, net of specified operating expenses, to repay the loan. Proceeds from the loan provide financing for the construction of the Kanauga - Addison Sewer System. The loan is payable solely from sewer customer net revenues. Annual principal and interest payments on the bonds are expected to be less than net revenues. As of December 31, 2011, \$160,372 has been disbursed by OWDA relating to this loan.

In March 2000, the County issued Sewer General Obligation Bonds in the amount of \$1,927,000 at an interest rate of 4.50 percent. Principal and interest payments are due March 1 of each year through 2040. These bonds issued through the USDA Rural Development were for the purpose of constructing the Bidwell Porter sewer system. The bonds will be repaid from revenues derived from the operations of the County's sewer system.

**Gallia County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2011*

Principal and interest requirements to retire the Sewer Enterprise Fund's revenue bonds outstanding at December 31, 2011, are as follows:

December 31,	Principal	Interest	Total
2012	\$29,500	\$76,217	\$105,717
2013	30,900	74,889	105,789
2014	32,200	73,499	105,699
2015	33,700	72,049	105,749
2016	35,100	70,533	105,633
2017-2021	201,100	327,460	528,560
2022-2026	250,500	277,961	528,461
2027-2031	312,400	216,279	528,679
2032 -2036	389,100	139,396	528,496
2037-2040	379,200	43,600	422,800
	\$1,693,700	\$1,371,883	\$3,065,583

In August 2002, the County obtained the Bidwell Porter Sewer System OPWC Loan in the amount of \$230,000 at an interest rate of zero percent. Principal payments are due January and July 1 of each year through 2022. This loan was entered into for the purpose of constructing the Bidwell Porter Sewer System. The loan will be retired from Sewer Enterprise Fund revenue.

Principal and interest requirements to retire the County's Bidwell Porter Sewer OPWC Loan outstanding at December 31, 2011, are as follows:

Year Ended December 31,	Principal
2012	\$5,750
2013	11,500
2014	11,500
2015	11,500
2016	11,500
2017-2021	57,500
2022	11,500
	\$120,750

The 2008 Kanauga/Addison Sewer OPWC Loan, authorized in the amount of \$325,000 at zero percent interest, is being used to expand the Kanauga/Addison sewer system. The loan activity is reflected in the Sewer Enterprise Fund which received the proceeds and will repay the debt. The loan has not been fully drawn down. As of December 31, 2011, the amount drawn down was \$287,081. Loan repayment is initiated by project completion. Principal payments will be due January and July 1 of each year for a term of 30 years in amounts of \$5,417.

The County has pledged future customer revenues, net of specified operating expenses, to repay \$2,968,312 in OWDA loans issued from 2008 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 2042. Annual principal and interest payments on the bonds should require less than 100 percent of net revenues in future years; however, in 2011, principal and interest payments exceeded net revenues but are not expected to exceed net revenues in 2012. Net revenues include all revenues received by the sewer utility less all operating expenses other than depreciation expense. The total principal and interest remaining to be paid on the loans are unknown at this time since some loans are not fully drawn out, however principal and interest remaining on the Mercerville and Kanauga/Addison OWDA loans are

**Gallia County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2011*

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\$209,806 and \$351,000, respectively. Principal and interest payments for the current year were \$86,606, net revenues were \$264,858, and total revenues were \$396,590.

*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 \$15,897,094 and the unvoted debt margin was \$13,653,499 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 obligations of the County. As of December 31, 2011, \$28,172,824 of industrial revenue bonds had been issued, and \$7,311,591 of those remained outstanding.

**NOTE 26 – GALLIA COUNTY LANDFILL**

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

**NOTE 27 – ADDITIONAL DISCLOSURES FOR DISCRETELY PRESENTED COMPONENT UNITS**

*A. Measurement Focus and Basis of Accounting*

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

*B. Budgetary Basis of Accounting*

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

**Gallia County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2011*

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**NOTE 28 – SUBSEQUENT EVENTS**

The Gallia County Commissioners terminated a contract with TRIMAT Construction relating to the construction of the Kanauga Addison Sewer system during 2012 due to unreasonable delays in completion. The original contract had a completion date of May 2011. The Commissioners voted to terminate this contract January 12, 2012. The Board of County Commissioners turned the contract over to the Zurich Bonding company who reviewed the completed work with the project engineer. The Board of County Commissioners along with its legal counsel negotiated with the bonding company and arrived at a settlement on September 20, 2012 allowing for full performance bond payment to the county to bid out the project and complete it. In addition, the Board of County Commissioners obtained OPWC coverage for road damage caused by TRIMAT Construction during the project and received surety of \$71,964 to cover the local portion.

On January 12, 2012, the Commissioners approved OPWC grant agreement for Up Creek Repair for \$215,000. On January 19, 2012, the Commissioners approved the contract for Up Creek repair for U.S. Bridge for \$144,382.

On February 16, 2012, the Commissioners approved resolution authorizing issuance of not to exceed \$175,000,000 of Hospital Facilities Revenue Refunding and Improvement Bonds- Series 2012 as part of the Holzer Health Systems Obligated Group Project. These bonds were issued pursuant to Ohio Rev. Code Section 140. On March 22, 2012 the Board of County Commissioners signed the Holzer Bonds \$155,315,000 Hospital Facilities Revenue Refunding Bonds Series 2012.

On May 3, 2012, the Commissioners approved purchase of the existing building at 848 3<sup>rd</sup> Avenue for the Department of Jobs and Family Services. The purchase agreement was signed on June 21, 2012 for \$739,000. The Gallia County Commissioners received a USDA Rural Development Community Facility Loan in the amount of \$744,000 which will be used to purchase the building. Terms of the loan are 25 years at 3.3750 percent. The loan resolution was approved on July 24, 2012.

On June 28, 2012, the Commissioners approved a contract with U.S. Bridge for the Vanco Road Project in the amount of \$221,050.

On July 12, 2012, the Commissioners approved an OPWC State Capital Improvement Project Agreement for road improvements in the amount of \$653,558.

On July 19, 2012, the Commissioners approved a \$974,740 contract with Shelly Company for Issue I paving project.

On September 6, 2012, the Commissioners approved two contracts totaling \$355,657 with U.S. Bridge for Symmes Valley and Raccoon Creek slip repair.

**Gallia County, Ohio**  
*Required Supplementary Information*  
*Condition Assessments of the County's Infrastructure*  
*Reported Using the Modified Approach*  
*For the Year Ended December 31, 2011*

The County reports its road and bridge infrastructure assets using the modified approach. The following disclosures pertain to the condition assessments of these assets:

**County Roads**

The Gallia County Engineer evaluates the condition of the County's nearly 455 miles of roads considering pavement surface type, condition, traffic factors, maintenance history and professional judgment. The system rates the condition as follows:

<b>Condition Category</b>	<b>Condition Index Range</b>	<b>Description of Condition</b>
Failed	<30	Impassable, unsafe, needs major reconstruction
Poor	30 - 45	Passable, marginally safe needs significant maint. & 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

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

<b>Bridge General Appraisal Rating</b>	<b>Condition Description</b>
9	Excellent, new or like new
8	Very good, no problems
7	Good, minor maintenance non-structural
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 maintenance, 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 design, load reduction, replacement needed
1	Closed

**Gallia County, Ohio**  
*Required Supplementary Information*  
*Condition Assessments of the County's Infrastructure*  
*Reported Using the Modified Approach*  
*For the Year Ended December 31, 2011*

The following summarizes the road and bridge conditions as of December 31, 2011.

**ROAD CONDITION**

<b>AVG. CONDITION</b>	<b>PCI RANGE</b>	<b>LENGTH MILES</b>	<b>AREA SQ. FT.</b>	<b>% OF TOTAL ROAD AREA BY CATEGORY</b>	<b>ACCUM. % OF TOTAL AREA</b>
EXCELLENT	> 85	156.2	14,633,795	35.68%	35.68%
GOOD	61-85	278.8	24,611,030	60.00%	95.67%
FAIR	46-60	19.8	1,767,945	4.3%	99.98%
POOR	30-45	0.1	6,653	0.02%	100.00%
FAILED	< 30	0.00	0	0.00%	100.00%
<b>TOTALS</b>		<b>454.9</b>	<b>41,019,423</b>	<b>100.00%</b>	

**BRIDGE CONDITION**

<b>CONDITION DESCRIPTION</b>	<b>BRIDGE GENERAL APPRAISAL</b>	<b># OF BRIDGES</b>	<b>% OF BRIDGES</b>	<b>PERCENT ACCUM</b>
EXCELLENT	9	0	0.00%	0.00%
VERY GOOD	8	30	10.75%	10.75%
GOOD	7	53	19.00%	29.75%
SATISFACTORY	6	67	24.01%	53.76%
FAIR	5	96	34.41%	88.17%
POOR	4	29	10.39%	98.57%
SERIOUS	3	3	1.08%	99.64%
CRITICAL	2	1	0.36%	100.00%
OUT OF SERVICE	1	0	0.00%	100.00%
	<b>TOTALS</b>	<b>279</b>		

Gallia County implemented the modified infrastructure approach for 2011. This decision was made at the end of the year. As such, the County did not have sufficient documentation of a comprehensive maintenance / preservation cost plan / budget for roads and bridges or prior year information for comparison reasons. The County will strive to correct this situation in 2012.



**GALLIA COUNTY  
FEDERAL AWARDS EXPENDITURE SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2011**

<b>FEDERAL GRANTOR/ Pass Through Grantor/ Program Title</b>	<b>Pass Through Entity's Number</b>	<b>Federal CFDA Number</b>	<b>Disbursements</b>
<b><u>UNITED STATES DEPARTMENT OF AGRICULTURE</u></b>			
<i>Passed through Ohio Department of Education</i>			
Child Nutrition Cluster:			
School Breakfast Program	070615-05PU-2011	10.553	\$3,684
	070615-05PU-2012		2,421
Total School Breakfast Program			<u>6,105</u>
National School Lunch Program	070615-LLP4-2011	10.555	6,142
	070615-LLP4-2012		3,933
Total National School Lunch Program			<u>10,075</u>
Total Child Nutrition Cluster			16,180
<i>Passed through Ohio Department of Job and Family Services</i>			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program			
	G-1011-11-5039 / G-1213-11-0039	10.561	241,973
<i>Direct from Federal Government</i>			
Water and Waste Disposal Systems for Rural Communities - grant			
	N/A	10.760	<u>881,290</u>
Total U.S. Department of Agriculture			1,139,443
<b><u>UNITED STATES DEPARTMENT OF COMMERCE</u></b>			
<i>Passed Through Connected Nation Inc.</i>			
ARRA - Broadband Technology Opportunities Program (BTOP)	21-43-B10546	11.557	<u>4,536</u>
Total U.S. Department of Commerce			4,536
<b><u>UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>			
<i>Passed through Ohio Department of Development</i>			
Community Development Block Grants State Administered CDBG Cluster			
Water and Sanitary Sewer Competitive Grant Program	B-W-08-1AY-1	14.228	96,460
Community Housing Improvement Program	B-C-11-1AY-1	14.228	5,874
Community Development Program	B-F-11-1AY-1	14.228	81,508
Community Housing Improvement Program	B-C-09-1AY-1	14.228	80,769
ARRA - Water and Sanitary Sewer Program	B-R-09-1AY-1	14.255	56,014
Community Development Program	B-F-10-1AY-1	14.228	173,458
CDBG Revolving Loans	B-E-98-025-1	14.228	11,178
Total Community Development Block Grants State Administered CDBG Cluster			<u>505,261</u>
Home Investment Partnerships Program			
Community Housing Improvement Program	B-C-09-1AY-2	14.239	136,696
Home Program Income	N/A		8,490
Total Home Investment Partnerships Program			<u>145,186</u>
Total U.S. Department of Housing and Urban Development			650,447
<b><u>UNITED STATES DEPARTMENT OF THE INTERIOR</u></b>			
<i>Direct from Federal Government</i>			
Payments in Lieu of Taxes			
	N/A	15.226	<u>11,245</u>
Total U.S. Department of the Interior			11,245
<b><u>UNITED STATES DEPARTMENT OF JUSTICE</u></b>			
<i>Direct from Federal Government</i>			
Bulletproof Vest Partnership Program			
	N/A	16.607	1,603
ARRA-Assistance to Rural Law Enforcement to Combat Crime and Drugs			
Competitive Grant Program	2009-SD-B9-0031	16.810	115,770
Edward Byrne Memorial Justice Assistance Grant Program Cluster			
<i>Passed through the Ohio Department of Public Safety - Office of Criminal Justice Services</i>			
Edward Byrne Memorial Justice Assistance Grant Program Cluster			
Edward Byrne Memorial Justice Assistance Grant Program	2009-JG-OPD-3735	16.738	10,334
<i>Direct from Federal Government</i>			
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants To Units of Local Government			
	2009-SB-B9-2216	16.804	<u>2,668</u>
Total Edward Byrne Memorial Justice Assistance Grant Program Cluster			<u>13,002</u>
Total U.S. Department of Justice			130,375

**GALLIA COUNTY  
FEDERAL AWARDS EXPENDITURE SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

FEDERAL GRANTOR/ <i>Pass Through Grantor/ Program Title</i>	Pass Through Entity's Number	Federal CFDA Number	Disbursements
<b><u>UNITED STATES DEPARTMENT OF LABOR</u></b>			
<i>Passed Through Workforce Investment Act Area 7</i>			
Workforce Investment Act (WIA) Cluster:			
WIA Adult Program	N/A	17.258	176,310
WIA Adult Program Administrative			<u>2,295</u>
Total WIA Adult Program			178,605
WIA Youth Activities		17.259	88,616
WIA Youth Activities Administrative			<u>2,301</u>
Total WIA Youth Activities			90,917
WIA Dislocated Workers		17.260/17.278	59,792
WIA Dislocated Workers Administrative			<u>2,316</u>
Total WIA Dislocated Workers			62,108
Workforce Investment Act (WIA) National Emergency Grants		17.277	<u>361,822</u>
Total Workforce Investment Act (WIA) Cluster			<u>693,452</u>
Employment Services Cluster:			
Employment Service/Wagner-Peyser Funded Activities		17.207	4,417
Disabled Veterans' Outreach Program (DVOP)		17.801	1,107
Local Veterans' Employment Representative Program (VER)		17.804	<u>460</u>
Total Employment Services Cluster			<u>5,984</u>
Total U.S. Department of Labor			699,436
<b><u>UNITED STATES DEPARTMENT OF TRANSPORTATION</u></b>			
<i>Direct from the Federal Government</i>			
Airport Improvement Program	3-39-0101-0910 3-39-0101-1011	20.106	84,862
Total Airport Improvement Program			<u>189,372</u>
<i>Passed Through Ohio Department of Transportation</i>			
Highway Planning and Construction	PID86761 PID89232 PID89455 PID91872 PID91873 PID91875 PID91876 PID91878 PID91879 PID91880	20.205	286,197
			105,000
			6,825
			338,233
			402,670
			365,339
			632,472
			440,757
			323,871
			<u>24,171</u>
Total Highway Planning and Construction			2,925,535
<i>Passed Through Ohio Department of Public Safety - Ohio Traffic Safety Office</i>			
Highway Safety Cluster:			
State and Community Highway Safety	HVEO-2011-27-00-00-00375-00/01 HVEO-2012-27-00-00-00321-00	20.600	14,212
Total State and Community Highway Safety			<u>1,634</u>
			15,846
Alcohol Impaired Driving Countermeasures Incentive Grants I	HVEO-2011-27-00-00-00375-00/01 HVEO-2012-27-00-00-00321-00	20.601	14,212
Total Alcohol Impaired Driving countermeasures Incentive Grants I			<u>1,634</u>
			15,846
Total Highway Safety Cluster			<u>31,692</u>
Total U.S. Department of Transportation			3,231,461
<b><u>APPALACHIAN REGIONAL COMMISSION</u></b>			
<i>Direct from Federal Government</i>			
Appalachian Area Development	N/A	23.002	<u>250,000</u>
Total Appalachian Regional Commission			250,000

**GALLIA COUNTY  
FEDERAL AWARDS EXPENDITURE SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

FEDERAL GRANTOR/ Pass Through Grantor/ Program Title	Pass Through Entity's Number	Federal CFDA Number	Disbursements
<b><u>UNITED STATES DEPARTMENT OF EDUCATION</u></b>			
<i>Passed through Ohio Department of Education</i>			
Special Education Cluster (IDEA):			
Special Education-Grants to States (IDEA, Part B)	070615-6BSF-2012	84.027	13,110
	070615-6BSF-2011		<u>15,395</u>
Total Special Education-Grants to States (IDEA, Part B)			28,505
Special Education-Preschool Grants (IDEA Preschool)	070615-PGS1-2012	84.173	5,642
	070615-PGS1-2011		<u>6,680</u>
Total Special Education-Preschool Grants (IDEA Preschool)			12,322
Total Special Education Cluster (IDEA)			<u>40,827</u>
Total U.S. Department of Education			40,827
<b><u>UNITED STATES ELECTION ASSISTANCE COMMISSION</u></b>			
<i>Passed through Ohio Secretary of State</i>			
Help America Vote Act Requirements Payments	HAVA Title II, 251	90.401	<u>560</u>
Total U.S. Election Assistance Commission			560
<b><u>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>			
<i>Passed Through Ohio Department of Job and Family Services</i>			
Promoting Safe and Stable Families	G-1011-11-5040 / G-1213-11-0040	93.556	20,797
Temporary Assistance for Needy Families	G-1011-11-5039 / G-1213-11-0039	93.558	1,406,182
Child Support Enforcement	G-1011-11-5039 / G-1213-11-0039	93.563	636,927
Community-Based Child Abuse Prevention Grants	G-1011-11-5040 / G-1213-11-0040	93.590	2,000
Stephanie Tubbs Jones Child Welfare Services Program	G-1011-11-5040 / G-1213-11-0040	93.645	4,982
ARRA - Foster Care Title IV-E	G-1011-11-5040 / G-1213-11-0040	93.658	2,895
Foster Care Title IV-E	G-1011-11-5040 / G-1213-11-0040	93.658	139,974
Foster Care Title IV-E	G-89-06-1235	93.658	18,824
Foster Care Title IV-E	G-1213-06-0169	93.658	31,090
Adoption Assistance	G-1011-11-5040 / G-1213-11-0040	93.659	130,371
ARRA-Adoption Assistance	G-1011-11-5040 / G-1213-11-0040	93.659	65
Social Services Block Grant - Title XX	G-1011-11-5039 / G-1213-11-0039	93.667	146,952
Child Care and Development Fund (CCDF) Cluster:			
Child Care and Development Block Grant	G-1011-11-5039 / G-1213-11-0039	93.575	33,047
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	G-1011-11-5039 / G-1213-11-0039	93.596	<u>72,956</u>
Total Child Care and Development Fund (CCDF) Cluster			106,003
Medical Assistance Program	G-1011-11-5039 / G-1213-11-0039	93.778	627,839
	G-1011-11-5040 / G-1213-11-0040		<u>1,061</u>
Total Medical Assistance Program			628,900
<i>Total Passed Through Ohio Department of Job and Family Services</i>			
			3,275,962
<i>Passed Through Ohio Department of Development Disabilities</i>			
Social Services Block Grant - Title XX	N/A	93.667	19,169
ARRA - Medical Assistance Program	N/A	93.778	<u>10,188</u>
<i>Total Passed Through Ohio Department of Development Disabilities</i>			
			<u>29,357</u>
Total U.S. Department of Health and Human Services			3,305,319
<b><u>UNITED STATES DEPARTMENT OF HOMELAND SECURITY</u></b>			
<i>Passed Through Ohio Emergency Management Agency, Department of Public Safety</i>			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	FEMA-4002-DR-053-07E59	97.036	490,109
Hazard Mitigation Grant	FEMA-DR-1805-OH	97.039	5,046
Emergency Management Performance Grants	2011-EP-00003-S01	97.042	10,882
Homeland Security Grant Program	2008-GE-T8-0025	97.067	12,880
Homeland Security Grant Program	2009-SS-T9-0089		6,061
Homeland Security Grant Program - Citizen Corps	2007-GE-T7-0030		<u>1,516</u>
Total Homeland Security Grant Program			20,457
Total U.S. Department of Homeland Security			<u>526,494</u>
<b>TOTAL FEDERAL AWARDS EXPENDITURES</b>			<b><u><u>\$9,990,143</u></u></b>

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

**GALLIA COUNTY**

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

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B – MATCHING REQUIREMENTS**

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

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

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

These loans are collateralized by mortgages on the property.

Activity in the CDBG revolving loan fund during 2011 is as follows:

Beginning loans receivable balance as of January 1, 2011:	\$47,223
Loans made	0
Loan principal repaid	<u>(47,223)</u>
Ending loans receivable balance as of December 31, 2011:	\$0
Cash balance on hand in the revolving loan fund as of December 31, 2011	\$59,206
Administrative costs expended during 2011	9,678
2011 Expenditures for Strategic Planning Project	<u>1,500</u>
Total Value of RLF Portion of the CDBG Program	\$70,384
Other Grants Administered through the CFDA # 14.228 and 14.255 Program	<u>\$494,083</u>
Total CDBG CFDA # 14.228 and 14.255 Program:	\$564,467

Delinquent amounts due as of December 31, 2011 are \$0.

In addition, the County has Declining Mortgage Loans outstanding in the amount of \$168,409. These loans are not reported on the Schedule and are also not reported on the Basic Financial Statements. See Note 25 to the Basic Financial Statements. The cash balance on hand in the Housing Program Income Fund at December 31, 2011 was \$30,686. Expenditures from the Housing Program Income Fund during 2011 were \$8,410.

**GALLIA COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURE SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

**NOTE D – CHILD NUTRITION CLUSTER**

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

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

Expenditures for the Workforce Investment Act (WIA) programs are presented on the Federal Awards Expenditure Schedule as cash basis expenditures for the WIA Fund during 2011 less refunds and reimbursements received in the WIA Fund during 2011.

**NOTE F – OHIO DEPARTMENT OF DEVELOPMENTAL DISABILITIES**

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

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

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

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

CFDA # 10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
CFDA # 93.556	Promoting Safe and Stable Families
CFDA # 93.558	Temporary Assistance for Needy Families (TANF)
CFDA # 93.563	Child Support Enforcement
CFDA # 93.590	Community-Based Child Abuse Prevention Grants
CFDA # 93.575/596	Child Care and Development Cluster
CFDA # 93.645	Child Welfare Services – State Grants
CFDA # 93.658	Foster Care-Title IV-E
CFDA # 93.659	Adoption Assistance
CFDA # 93.667	Social Services Block Grant (Title XX)
CFDA # 93.778	Medical Assistance Program

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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*

Gallia County  
18 Locust Street  
Gallipolis, Ohio 45631

To the Board of County Commissioners:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of Gallia County, Ohio (the County), as of and for the year ended December 31, 2011, which collectively comprise the County's basic financial statements and have issued our report thereon dated October 4, 2012, wherein we noted the County implemented the provisions of Governmental Accounting Standards Board Statement No. 54 which resulted in restatements. We also noted the County restated its governmental activities' net assets as a result of changing its approach to infrastructure asset reporting from the depreciation approach to the modified approach. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider Finding 2011-02 described in the accompanying Schedule of Findings to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider Finding 2011-01 described in the accompanying Schedule of Findings to be a significant deficiency.

### **Compliance and Other Matters**

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

We also noted certain matters not requiring inclusion in this report that we reported to the County's management in a separate letter dated October 4, 2012.

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

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



**Dave Yost**  
Auditor of State

October 4, 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

Gallia County  
18 Locust Street  
Gallipolis, Ohio 45631

To the Board of County Commissioners:

### Compliance

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

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 those requirements.

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency, described in the accompanying Schedule of Findings as item 2011-03. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a federal program compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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 October 4, 2012.

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



**Dave Yost**  
Auditor of State

October 4, 2012

**GALLIA COUNTY**  
**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A-133 § .505**  
**DECEMBER 31, 2011**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	Yes
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510(a)?</b>	Yes
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Water and Waste Disposal Systems for Rural Communities Grant – CFDA # 10.760 Community Development Block Grants State Administered CDBG Cluster – CFDA #'s 14.228 and 14.255 Highway Planning and Construction – CFDA # 20.205 Workforce Investment Act Cluster (WIA) – CFDA #'s 17.258, 17.259, 17.260, 17.277, and 17.278 Temporary Assistance for Needy Families - CFDA # 93.558 Child Support Enforcement - CFDA # 93.563 Medical Assistance Program - CFDA # 93.778 Disaster Grants – Public Assistance (Presidentially Declared Disasters) – CFDA # 97.036

**GALLIA COUNTY**  
**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A-133 § .505**  
**DECEMBER 31, 2011**  
**(Continued)**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
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<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 302,401 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

**GALLIA COUNTY**  
**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A-133 § .505**  
**DECEMBER 31, 2011**  
**(Continued)**

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

**FINDING NUMBER 2011-01**

**Significant Deficiency**

AU Section 314.41 defines internal control as a process, effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance of achieving the following objectives:

- Reliable financial reporting
- Effective and efficient operations
- Compliance with laws and regulations

Ohio Rev. Code Section 102.03 restricts the conduct of public officials and employees with respect to their official positions.

The Gallia County Treasurer's Office in accordance with Ohio Rev. Code Section 323.31 utilizes agreements to pay delinquent taxes in installments using both a five pay plan and ten pay plan. The agreements indicate failure to pay on installment of delinquent taxes or current half taxes will render this agreement void, and the property subject to foreclosure.

On July 9, 2009, Gallia County Treasurer, Steve McGhee signed an agreement to pay his \$32,184 delinquent property tax bill in ten equal installments, in addition to his current tax bills. Per the agreement, the amount of each installment was to be \$26,221. One payment was made in the amount of \$26,221 and then the taxpayer fell delinquent. The agreement was signed by Steve McGhee as both the Taxpayer and the County Treasurer.

On October 15, 2011, Gallia County Treasurer, Steve McGhee signed a new agreement to pay his \$83,804 delinquent property tax bill in ten equal installments, in addition to his current tax bills. Per the agreement, the amount of each installment was to be \$31,909. The agreement was signed by Steve McGhee as both the Taxpayer and the County Treasurer.

The County Treasurer is the only individual who approves the payment plans. There are no rules or guidelines established governing the payment plans. The original agreement is maintained by the County Treasurer's Office and copies of payment plans are given to the taxpayer and to the County Auditor. No approval is required by the County Auditor.

This could result in a conflict of interest when a public official's personal interests are involved.

We recommend the Gallia County Treasurer develop formal policies and procedures for the use of delinquent tax contracts. These policies and procedures should be in accordance with Ohio Rev. Code Sections 323.30 and 323.31 which govern delinquent tax contracts and installment payments. In addition, the policies and procedures should take into consideration the Ohio Ethics Law and be developed to address potential conflicts of interest regarding public officials and employees.

This item has been referred to the Ohio Ethics Commission.

**GALLIA COUNTY**  
**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A-133 § .505**  
**DECEMBER 31, 2011**  
**(Continued)**

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

**FINDING NUMBER 2011-01 (Continued)**

**Significant Deficiency (Continued)**

**Officials' Response:**

The County Treasurer is in the process of preparing a formal policy to address tax payment plans which relate to himself or employees in the County Treasurer's Office. This policy will include an independent approval process by County Public Officials outside the County Treasurer's Office. The County Treasurer has already contacted the Prosecuting Attorney's Office for assistance in preparing said policy.

**FINDING NUMBER 2011-02**

**Material Weakness**

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

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

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

- The new policy indicates fair value of \$5,000 or more for criteria but does not include the threshold amounts which are being used for capitalizing infrastructure. Infrastructure amounts are being capitalized based on threshold amounts approved on December 18, 2008 which include threshold amounts of \$50,000 for roads, bridges, and culverts; and \$25,000 for traffic signals and other infrastructure.
- Infrastructure classification indicates: roads, bridges, drainage systems, streetlights, water and sewer systems but does not include guardrail and piling / retaining wall which are being recorded on the County's financial statements.
- Useful lives are not indicated in the capital asset policy.
- The policy indicates that assets with a value over \$1,000,000 and all infrastructure purchases will have a 10% salvage value (unless a lower market or standard salvage value is easily obtainable) however we did not note the use of salvage value on assets over \$1,000,000 and regarding infrastructure, the modified approach was implemented in the current year.
- The new policy includes sections regarding roles / responsibilities, records retention, tagging, and disposal and transfer however, unrecorded additions were identified.
- The County moved to modified infrastructure methodology in 2011. The Infrastructure policy was not updated to include information pertaining to what constitutes an improvement addition vs. non-capitalized maintenance. The County did not update the policy to include information on the modified methodology or descriptions of condition assessments and standards used.

**GALLIA COUNTY**  
**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A-133 § .505**  
**DECEMBER 31, 2011**  
**(Continued)**

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

**FINDING NUMBER 2011-02 (Continued)**

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

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

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

As previously mentioned, the County changed its method of reporting infrastructure to the modified approach for the current year. The modified approach includes additional disclosure requirements which include the following to be included as required supplementary information:

- Schedule of the assessed condition of infrastructure, for the three most recent assessments
- Estimate, as of the beginning of five most recent years of amounts to maintain at the established level
- Actual maintenance amounts spent for five most recent years
- The condition at which the County intends to preserve infrastructure

Although there are transition guidelines that allow the modified approach to be used if at least one complete condition assessment is available, the aforementioned items were not included in the Required Supplementary Information. In addition, the County's Capital Asset Policy did not address the use of the modified approach to reporting infrastructure.

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

- The Capital Asset policy should be revised to include infrastructure thresholds approved or infrastructure above \$5,000 should be recorded on the County's financial statements. The policy should be reviewed with the County Engineer to determine whether different thresholds are desired for infrastructure and if the modified approach is to be used for reporting infrastructure, the policy should address the use of the modified approach and indicate what items will be considered for capitalization and what constitutes a capitalized item vs items not capitalized.
- Procedures to obtain and report the required information for the required supplementary information for using the modified approach to reporting infrastructure should be developed and implemented.
- Infrastructure classification should be revised to include guardrail and retaining wall / piling or the County should discontinue recording these items.
- Useful lives should be incorporated into the capital asset policy and assets should be reviewed to ensure useful lives are consistent with what is included in the policy. Infrastructure should be reviewed with the County Engineer to determine useful lives to be used for infrastructure or the County policy should be revised to address the modified approach for presenting infrastructure.
- The concept of salvage value should be reviewed and either implemented in the capital asset listing or the policy should be revised to eliminate salvage value wording.

**GALLIA COUNTY**  
**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A-133 § .505**  
**DECEMBER 31, 2011**  
**(Continued)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2011-02 (Continued)**

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

- A method to identify unrecorded capital asset additions and deletions should be incorporated into the policy such as departmental reviews and reviewing County Commissioner's Minute Record, auction results, and expenditure listings.
- A detailed review should be performed to ensure that assets are being recorded on the financial statements according to the policy and / or that the policy agrees with how assets are being reported.

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

**Officials' Response:**

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



**GALLIA COUNTY**  
**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A-133 § .505**  
**DECEMBER 31, 2011**  
**(Continued)**

**3. FINDINGS FOR FEDERAL AWARDS**

<b>Finding Number</b>	2011-03
<b>CFDA Title and Number</b>	Water and Waste Disposal Systems for Rural Communities Grant, CFDA # 10.760; Community Development Block Grants State Administered CDBG Cluster, CFDA #'s 14.228 and 14.255; Highway Planning and Construction, CFDA # 20.205; Workforce Investment Act Cluster (WIA), CFDA #'s 17.258, 17.259, 17.260, 17.277, and 17.278; Temporary Assistance for Needy Families, CFDA # 93.558; Child Support Enforcement, CFDA # 93.563; Medical Assistance Program, CFDA # 93.778; Disaster Grants – Public Assistance (Presidentially Declared Disasters), CFDA # 97.036
<b>Federal Award Number / Year</b>	B-W-08-1AY-1, B-C-11-1AY-1, B-F-11-1AY-1, B-C-09-1AY-1, B-R-09-1AY-1, B-F-10-1YA-1, B-E-98-025-1, PID86761, PID89232, PID89455, PID91872, PID91873, PID91875, PID91876, PID91878, PID91879, PID91880, G-1011-11-5039, G-1213-11-0039, FEMA-4002-DR-053-07E59
<b>Federal Agency</b>	United States Department of Agriculture, United States Department of Housing and Urban Development, United States Department of Transportation, United States Department of Labor, United States Department of Health and Human Services, United States Department of Homeland Security
<b>Pass-Through Agency</b>	Ohio Department of Development, Workforce Investment Act Area 7, Ohio Department of Transportation, Ohio Department of Job and Family Services, Ohio Emergency Management Agency – Department of Public Safety

**Noncompliance Finding and Significant Deficiency**

OMB Circular Number A-133, Subpart C, Section \_\_.300(a) requires the auditee to identify in its accounts, all Federal awards received and expended and the federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity.

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

Although an annual federal single audit for the year ended December 31, 2011 was performed, it was not submitted to the Single Audit Clearinghouse before the deadline of September 30, 2012.

We recommend the County submit the annual financial report to the Single Audit Clearinghouse within nine months of the fiscal year end.

**GALLIA COUNTY**  
**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A-133 § .505**  
**DECEMBER 31, 2011**  
**(Continued)**

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

**FINDING NUMBER 2011-03 (Continued)**

**Noncompliance Finding and Significant Deficiency (Continued)**

**Officials' Response:**

The completion of the December 31, 2011 was delayed for the following reasons:

- The County contracted with a different agency to compile GAAP financial statements for the year ended December 31, 2011
- The County implemented Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions

As a result, the County requested and was granted a 60-day extension for filing its annual financial report with the Auditor of State's Office. As a result, the report was not required to be filed until July 30, 2012.

In addition, the County changed its approach to infrastructure asset reporting from the depreciation approach to the modified approach which resulted in restatement of beginning balances.

The aforementioned reasons resulted in the County's financial audit not being completed in time to meet the single audit filing deadline.

The County will strive to correct this for future audits.

GALLIA 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; <b><i>Explain</i></b>
2010-01	Material weakness recommending the County develop and maintain a detailed listing of capital assets and the infrastructure be integrated into the capital asset listing.	No	Partially Corrected. Reissued as Management Letter Comment.
2010-02	Material weakness recommending the County adopt a formal policy for maintaining a capital asset listing which incorporates the requirements of GASB Statement Number 34 and integrates the policy for reporting infrastructure.	No	Not Corrected. Reissued as Finding Number 2011-02.

**GALLIA 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 Treasurer is in the process of preparing a formal policy to address tax payment plans which relate to himself or employees in the County Treasurer's Office. This policy will include an independent approval process by County Public Officials outside the County Treasurer's Office. The County Treasurer has already contacted the Prosecuting Attorney's Office for assistance in preparing said policy.	12/31/12	Steve McGhee, County Treasurer
2011-02	The County is attempting to correct these problems before the next audit.	12/31/12	Larry Betz, County Auditor
2011-03	The County will strive to correct this for future audits.	12/31/12	Larry Betz, County Auditor



# Dave Yost • Auditor of State

## GALLIA COUNTY FINANCIAL CONDITION

### GALLIA COUNTY

#### CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
OCTOBER 23, 2012