



Dave Yost • Auditor of State



**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Honorable Board of County Commissioners  
Honorable County Auditor  
Honorable County Treasurer  
Champaign County  
1512 South U.S. Highway 68, Suite B300  
Urbana, Ohio 43078

To the Board of County Commissioners, County Auditor, and County Treasurer:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Champaign County, Ohio (the County), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Champaign County, Ohio, as of December 31, 2013, and the respective changes in cash financial position and the respective budgetary comparison for the General, Job and Family Services, Motor Vehicle License Gas Tax, Lawnview 169 Board, and Children's Services Funds thereof for the year then ended in accordance with the accounting basis described in Note 2.

***Accounting Basis***

Ohio Administrative Code § 117-2-03(B) requires the County to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis applied to these statements, which is a basis other than generally accepted accounting principles. We did not modify our opinion regarding this matter.

***Other Matters***

*Supplemental and Other Information*

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

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

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

These tables and the Schedule are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these tables and the Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling these tables and the Schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables and the Schedule are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2014 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

**Dave Yost**  
Auditor of State

Columbus, Ohio

October 10, 2014

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**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
UNAUDITED**

The discussion and analysis of Champaign County's financial performance provides an overview of the County's financial activities for the year ended December 31, 2013, within the limitations of cash basis accounting. The intent of this discussion and analysis is to look at the County's financial performance as a whole.

**Using this Annual Report**

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

The County has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing receipts, disbursements, and the related assets and liabilities. Under the County's cash basis of accounting, receipts and disbursements and the related assets and liabilities are recorded when they result in cash transactions.

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

The statement of net position and the statement of activities provide information about the cash activities of the whole 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. The fund financial statements also look at the County's most significant funds, with all other non-major funds presented in total in a single column. The County's major funds are the General, Job and Family Services, Motor Vehicle License Gas Tax, Lawnview 169 Board, and Children's Services funds.

**Reporting the County as a Whole**

The statement of net position and the statement of activities reflect how the County did financially during 2013, within the limitations of cash basis accounting. The statement of net position presents the cash balance of the governmental activities of the County at year end. The statement of activities compares cash disbursements with program receipts for each function or program of the County's governmental activities. Program receipts include charges paid by the recipient of the program's goods or services and grants, contributions, and interest restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the County's general receipts.

These statements report the County's cash position and the changes in cash position. Factors which contribute to these changes may also include the County's property tax base and other factors.

In the statement of net position and the statement of activities, all of the County activities are presented as governmental activities. All of the County's programs and services are reported here including general government, public safety, public works, health, human services, conservation and recreation, economic development and assistance, capital outlay, and debt service. These services are funded primarily by taxes and intergovernmental receipts, including federal and state grants and other shared receipts.

**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
UNAUDITED  
(Continued)**

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

Fund financial statements provide detailed information about the County's major funds, the General, Job and Family Services, Motor Vehicle License Gas Tax, Lawnview 169 Board, and Children's Services funds. While the County uses many funds to account for its financial transactions, these are the most significant.

**Governmental Funds** - All of the County's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at year end for spending in future periods. These funds are reported using the cash basis of accounting. The governmental fund financial statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance the County's programs.

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

**Government-Wide Financial Analysis**

Table 1 provides a summary of the County's net position for 2013 and 2012.

<b>Table 1</b>			
<b>Governmental Activities</b>			
<b>Net Position</b>			
	<b>2013</b>	<b>2012</b>	<b>Change</b>
<b>Assets:</b>			
Current and Other Assets	\$14,115,415	\$12,717,648	\$1,397,767
<b>Net Position:</b>			
Restricted	\$10,025,892	\$9,586,206	\$439,686
Unrestricted	4,089,523	3,131,442	958,081
Total Net Position	\$14,115,415	\$12,717,648	\$1,397,767

The increase in net position was 11 percent. A modest increase in overall receipts (1 percent) combined with a modest decrease in disbursements (3 percent) resulted in the increase in net position.

**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
UNAUDITED  
(Continued)**

Table 2 reflects the change in net position for 2013 and 2012.

**Table 2  
Governmental Activities  
Change in Net Position**

	<b>2013</b>	<b>2012</b>	<b>Change</b>
<b>Receipts:</b>			
<b>Program Receipts:</b>			
Charges for Services	\$3,609,389	\$3,586,890	\$22,499
Operating Grants, Contributions, and Interest	10,870,680	9,966,286	904,394
Capital Grants		610,923	(610,923)
Total Program Receipts	<u>14,480,069</u>	<u>14,164,099</u>	<u>315,970</u>
<b>General Receipts:</b>			
Property Taxes Levied for General Operating	1,661,853	1,641,057	20,796
Property Taxes Levied for Lawnview 169 Board	2,404,132	2,365,758	38,374
Property Taxes Levied for Children's Services	510,428	502,126	8,302
Sales Taxes	5,312,020	4,859,352	452,668
Grants and Entitlements	1,087,655	868,012	219,643
Interest	404,705	436,112	(31,407)
Other	2,221,264	2,945,223	(723,959)
Total General Receipts	<u>13,602,057</u>	<u>13,617,640</u>	<u>(15,583)</u>
Total Receipts	<u>28,082,126</u>	<u>27,781,739</u>	<u>300,387</u>
<b>Program Disbursements</b>			
<b>General Government:</b>			
Legislative and Executive	3,920,017	3,938,117	18,100
Judicial	2,338,841	2,242,057	(96,784)
Public Safety	4,050,913	3,857,664	(193,249)
Public Works	4,937,669	6,279,755	1,342,086
Health	5,026,790	4,903,592	(123,198)
Human Services	4,939,302	5,431,627	492,325
Conservation and Recreation	274,920	216,237	(58,683)
Economic Development and Assistance	702,590	170,914	(531,676)
Capital Outlay	149,557	50,499	(99,058)
<b>Debt Service:</b>			
Principal Retirement	289,060	313,119	24,059
Interest and Fiscal Charges	54,700	64,900	10,200
Total Disbursements	<u>26,684,359</u>	<u>27,468,481</u>	<u>784,122</u>
Increase in Net Position	1,397,767	313,258	1,084,509
Net Position at Beginning of Year	12,717,648	12,404,390	313,258
Net Position at End of Year	<u>\$14,115,415</u>	<u>\$12,717,648</u>	<u>\$1,397,767</u>

There was only a 1 percent increase in total receipts from the prior year; however, the above table reflects several significant changes. Operating grants and contributions increased due to an increase in State funding for Jobs and Family Services and Child Support Enforcement activities. The decrease in capital grants represents Issue I grant resources that were received in the prior year. The most significant changes for general receipts are reflected in sales taxes and other receipts. The sales taxes increase demonstrates continued improvement in the economy and the decrease in other receipts was due to an unusual amount of reimbursements received in the prior year.

**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
UNAUDITED  
(Continued)**

Disbursements decreased almost 3 percent from the prior year with the most significant changes in the public works (engineer), human services (primarily job and family services), and economic development and assistance programs. The decrease in the public works program reflects fewer construction/improvement projects in 2013 and fewer grants resources to spend. Human services disbursements generally correspond to consumer needs for service. The County had resources from the Moving Ohio Forward grant, the disbursement of which is reflected in the economic development and assistance program.

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

**Table 3  
Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2013	2012	2013	2012
<b>General Government:</b>				
Legislative and Executive	\$3,920,017	\$3,938,117	\$2,201,792	\$2,262,962
Judicial	2,338,841	2,242,057	1,011,869	942,232
Public Safety	4,050,913	3,857,664	3,643,203	3,413,657
Public Works	4,937,669	6,279,755	490,284	1,191,356
Health	5,026,790	4,903,592	2,617,510	2,352,284
Human Services	4,939,302	5,431,627	1,518,293	2,454,951
Conservation and Recreation	274,920	216,237	274,920	216,237
Economic Development and Assistance	702,590	170,914	(46,898)	42,185
Capital Outlay	149,557	50,499	149,557	50,499
<b>Debt Service:</b>				
Principal Retirement	289,060	313,119	289,060	313,119
Interest and Fiscal Charges	54,700	64,900	54,700	64,900
<b>Total Disbursements</b>	<b>\$26,684,359</b>	<b>\$27,468,481</b>	<b>\$12,204,290</b>	<b>\$13,304,382</b>

For 2013, 46 percent of the services provided by the County were paid for through general receipts, compared to 48 percent in 2012. A review of the above table demonstrates that program receipts contributed significantly to several programs. Court fees and costs as well grants contributed significantly to the judicial program. Charges for services for the public works program primarily consist of work performed by the County Engineer for townships and villages within the County. The public works program also receives a significant amount of operating grants and contributions from state levied shared gas taxes and motor vehicle licenses. Grants and contributions provide for a significant portion of the costs of the health and human services programs. Various grants generally provide for the economic development program costs.

**Governmental Funds Financial Analysis**

The County's major governmental funds are the General Fund, and the Job and Family Services, Motor Vehicle License Gas Tax, Lawnview 169 Board, and Children's Services special revenue funds.

For 2013, the General Fund had a 28 percent increase in fund balance. Receipts increased almost 5 percent largely due to improved sales tax receipts and additional State provided resources. Disbursements also increased (almost 7 percent) with modest increases in most programs. However, receipts were in excess of disbursements for the year.

**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
UNAUDITED  
(Continued)**

The approximately \$125,000 increase in fund balance for the Job and Family Services Fund was not a significant increase in dollar value; however, was a significant percentage increase in fund balance.

The changes in fund balance for the Motor Vehicle License Gas Tax, Lawnview 169 Board, Children's Services funds were not significant.

**Budgetary Highlights**

The County prepares an annual budget of receipts and disbursements for all funds of the County for use by County officials and department heads and such other budgetary documents as are required by State statute, including the annual appropriations ordinance which is effective the first day of January.

The County's most significant budgeted fund is the General Fund. There was a 6 percent increase from the original budget to the final budget for receipts largely due to improving sales tax receipts. There were minimal changes from the final budget to actual receipts. For disbursements, there was an 11 percent decrease from the original budget to the final budget due to conservative budgeting, primarily related to general government activities and capital improvements. There were minimal changes from the final budget to the actual disbursements as well.

**Current Issues**

The County continues to monitor the budget closely after enduring some difficult budget cuts the past couple of years. While some revenues have seen an increase others continue to diminish. The County saw sales taxes increase 9 percent in 2013 and current year collections remain positive.

Manufacturing in the County continues to rebound. Because of community reinvestment agreements in St. Paris, one of the County's largest manufacturing facilities, KTH, has been able to move forward with plant expansion. A portion of the vacant Fox River Paper Plant was purchased by the City of Urbana who secured grant money to clean up the property. It has been successfully rehabbed and is functioning once again as a paper processor.

Through the efforts of local bike enthusiasts, the Pathfinders Bike Trail which was expanded into Bellefontaine opens up many more miles for bikers, joggers, and walkers to enjoy. Dog lovers were excited with the efforts of the Champaign County Canines group. Through this group's hard work and dedication, the City of Urbana opened a dog park.

The Village of St. Paris is reaping the benefits of its solar farm. The Village is receiving enough energy to reduce the cost of their electric billings by nearly 20 percent annually. In their constant endeavor to cut costs, the Village was quick to take advantage of the opportunity to install the solar panels.

The Wastewater Treatment Facility in St. Paris is operating 100 percent chemically free. They installed an ultraviolet system to discontinue the use of chemicals in treating the water. The new process saves several thousand dollars per year in chemical and labor costs. As a side benefit, the now unused tank houses aquatic wildlife to visually demonstrate that the water is clean and safe.

In an effort to comply with recent legislation, two of the libraries in Champaign County, the St. Paris Public Library and the Champaign County Public Library have created separate library districts to eliminate any overlap of taxing districts. The library districts were reviewed and approved by the State Library Board and go went into effect on January 1, 2014.

**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
UNAUDITED  
(Continued)**

**Request for Information**

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's financial status. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to Karen Bailey, County Auditor, 1512 South U.S. Highway 68, Suite B300 Urbana, Ohio 43078.

**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**STATEMENT OF NET POSITION - CASH BASIS  
DECEMBER 31, 2013**

	<u>Governmental Activities</u>
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$14,115,415</u>
<b>Net Position:</b>	
<b>Restricted for:</b>	
Debt Service	\$31,559
Capital Projects	307,101
Public Works	3,299,304
Health	2,115,340
Children's Services	1,410,238
Other Purposes	2,862,350
Unrestricted	<u>4,089,523</u>
Total Net Position	<u>\$14,115,415</u>

*See Accompanying Notes to the Basic Financial Statements.*

**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Program Receipts</u>		<u>Net (Disbursements) Receipts and Change in Net Position</u>
	<u>Disbursements</u>	<u>Charges for Services</u>	<u>Operating Grants, Contributions, and Interest</u>
			<u>Governmental Activities</u>
<b>Governmental Activities:</b>			
<b>General Government:</b>			
Legislative and Executive	\$3,920,017	\$1,718,225	(\$2,201,792)
Judicial	2,338,841	944,191	(1,011,869)
Public Safety	4,050,913	261,682	(3,643,203)
Public Works	4,937,669	390,076	(490,284)
Health	5,026,790	131,883	(2,617,510)
Human Services	4,939,302	132,123	(1,518,293)
Conservation and Recreation	274,920		(274,920)
Economic Development and Assistance	702,590	31,209	46,898
Capital Outlay	149,557		(149,557)
<b>Debt Service:</b>			
Principal Retirement	289,060		(289,060)
Interest and Fiscal Charges	54,700		(54,700)
<b>Total Governmental Activities</b>	<u>\$26,684,359</u>	<u>\$3,609,389</u>	<u>\$10,870,680</u>
			<u>(12,204,290)</u>
<b>General Receipts:</b>			
<b>Property Taxes Levied for:</b>			
General Operating			1,661,853
Lawnview 169 Board			2,404,132
Children's Services			510,428
Sales Taxes			5,312,020
<b>Payment in Lieu of Taxes:</b>			
Grants and Entitlements not Restricted to Other Programs			1,087,655
Interest			404,705
Other			2,221,264
<b>Total General Receipts</b>			<u>13,602,057</u>
Change in Net Position			1,397,767
Net Position at Beginning of Year			<u>12,717,648</u>
Net Position at End of Year			<u>\$14,115,415</u>

See Accompanying Notes to the Basic Financial Statements.



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**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2013**

	<u>General</u>	<u>Job and Family Services</u>	<u>Motor Vehicle License Gas Tax</u>
<b>Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	\$4,245,907	\$146,389	\$3,299,304
<b>Restricted Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	58,540		
Total Assets	<u>4,304,447</u>	<u>146,389</u>	<u>3,299,304</u>
<b>Fund Balances:</b>			
Non-spendable	58,540		
Restricted	156,384	146,389	3,299,304
Committed	402,886		
Assigned	3,076,568		
Unassigned	610,069		
Total Fund Balances	<u>\$4,304,447</u>	<u>\$146,389</u>	<u>\$3,299,304</u>

*See Accompanying Notes to the Basic Financial Statements.*

<b>Lawnview 169 Board</b>	<b>Children's Services</b>	<b>Other Governmental</b>	<b>Total</b>
\$2,055,340	\$1,410,238	\$2,839,697	\$13,996,875
60,000			118,540
<u>2,115,340</u>	<u>1,410,238</u>	<u>2,839,697</u>	<u>14,115,415</u>
60,000			118,540
2,055,340	1,410,238	2,839,697	9,907,352
			402,886
			3,076,568
			610,069
<u>\$2,115,340</u>	<u>\$1,410,238</u>	<u>\$2,839,697</u>	<u>\$14,115,415</u>

**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND  
CHANGES IN CASH BASIS FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>General</u>	<u>Job and Family Services</u>	<u>Motor Vehicle License Gas Tax</u>	<u>Lawnview 169 Board</u>
<b>Receipts:</b>				
Property Taxes	\$1,661,853			\$2,404,132
Sales Taxes	5,312,020			
Other Local Taxes			\$151,737	
Special Assessments				
Charges for Services	1,919,355		1,074	69
Licenses and Permits	182,840			
Fines and Forfeitures	87,437			
Intergovernmental	1,532,214	\$1,843,813	3,630,026	2,275,162
Interest	403,395		29,793	235
Other	583,023	973,032	507,821	136,057
Total Receipts	<u>11,682,137</u>	<u>2,816,845</u>	<u>4,320,451</u>	<u>4,815,655</u>
<b>Disbursements:</b>				
<b>Current:</b>				
<b>General Government:</b>				
Legislative and Executive	3,278,203			
Judicial	1,875,085			
Public Safety	3,881,830			
Public Works	598,245		4,253,704	
Health	72,909			4,840,494
Human Services	290,355	2,691,789		
Conservation and Recreation	274,920			
Economic Development and Assistance	37,764			
Capital Outlay	46,141			
<b>Debt Service:</b>				
Principal Retirement				
Interest and Fiscal Charges				
Total Disbursements	<u>10,355,452</u>	<u>2,691,789</u>	<u>4,253,704</u>	<u>4,840,494</u>
Excess of Receipts Over (Under) Disbursements	<u>1,326,685</u>	<u>125,056</u>	<u>66,747</u>	<u>(24,839)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers In				
Transfers Out	(372,937)			
Total Other Financing Sources (Uses)	<u>(372,937)</u>			
Changes in Fund Balances	953,748	125,056	66,747	(24,839)
Fund Balances at Beginning of Year	<u>3,350,699</u>	<u>21,333</u>	<u>3,232,557</u>	<u>2,140,179</u>
Fund Balances at End of Year	<u>\$4,304,447</u>	<u>\$146,389</u>	<u>\$3,299,304</u>	<u>\$2,115,340</u>

See Accompanying Notes to the Basic Financial Statements.

<u>Children's Services</u>	<u>Other Governmental</u>	<u>Total</u>
\$510,428		\$4,576,413
		5,312,020
		151,737
	\$23,607	23,607
	1,071,076	2,991,574
	49,961	232,801
	122,233	209,670
772,010	1,870,080	11,923,305
	1,310	434,733
1,323	25,010	2,226,266
<u>1,283,761</u>	<u>3,163,277</u>	<u>28,082,126</u>
	641,814	3,920,017
	463,756	2,338,841
	169,083	4,050,913
	85,720	4,937,669
	113,387	5,026,790
1,269,268	687,890	4,939,302
		274,920
	664,826	702,590
	103,416	149,557
	289,060	289,060
	54,700	54,700
<u>1,269,268</u>	<u>3,273,652</u>	<u>26,684,359</u>
<u>14,493</u>	<u>(110,375)</u>	<u>1,397,767</u>
	431,056	431,056
	(58,119)	(431,056)
	372,937	
14,493	262,562	1,397,767
<u>1,395,745</u>	<u>2,577,135</u>	<u>12,717,648</u>
<u>\$1,410,238</u>	<u>\$2,839,697</u>	<u>\$14,115,415</u>

**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE  
BUDGET (NON-GAAP BASIS) AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts:</b>				
Property Taxes	\$1,575,000	\$1,680,989	\$1,677,932	(\$3,057)
Sales Taxes	4,850,000	5,312,020	5,312,020	
Charges for Services	1,812,927	1,936,697	1,919,355	(17,342)
Licenses and Permits	201,500	201,500	182,840	(18,660)
Fines and Forfeitures	93,150	93,150	87,437	(5,713)
Intergovernmental	1,677,212	1,508,946	1,532,214	23,268
Interest	391,005	390,677	406,084	15,407
Other	456,095	598,784	583,023	(15,761)
Total Receipts	<u>11,056,889</u>	<u>11,722,763</u>	<u>11,700,905</u>	<u>(21,858)</u>
<b>Disbursements:</b>				
<b>Current:</b>				
<b>General Government :</b>				
Legislative and Executive	4,062,708	3,358,634	3,331,151	27,483
Judicial	1,926,439	1,943,484	1,912,741	30,743
Public Safety	3,845,362	3,942,417	3,896,630	45,787
Public Works	782,800	642,181	616,197	25,984
Health	73,752	73,352	72,909	443
Human Services	381,708	300,943	291,488	9,455
Conservation and Recreation	275,041	275,041	274,920	121
Economic Development and Assistance	41,500	38,170	37,764	406
Capital Outlay	600,000	46,141	46,141	
Total Disbursements	<u>11,989,310</u>	<u>10,620,363</u>	<u>10,479,941</u>	<u>140,422</u>
Excess of Receipts Over (Under) Disbursements	(932,421)	1,102,400	1,220,964	118,564
<b>Other Financing Uses:</b>				
Transfers Out	<u>(372,937)</u>	<u>(377,937)</u>	<u>(372,937)</u>	<u>5,000</u>
Changes in Fund Balance	<u>(1,305,358)</u>	<u>724,463</u>	<u>848,027</u>	<u>123,564</u>
Fund Balance at Beginning of Year	3,120,846	3,120,846	3,120,846	
Prior Year Encumbrances Appropriated	<u>97,654</u>	<u>97,654</u>	<u>97,654</u>	
Fund Balance at End of Year	<u>\$1,913,142</u>	<u>\$3,942,963</u>	<u>\$4,066,527</u>	<u>\$123,564</u>

See Accompanying Notes to the Basic Financial Statements.

**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE  
BUDGET (NON-GAAP BASIS) AND ACTUAL  
JOB AND FAMILY SERVICES FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts:</b>				
Intergovernmental	\$2,136,847	\$1,882,971	\$1,843,813	(\$39,158)
Other	1,395,791	933,874	973,032	39,158
Total Receipts	<u>3,532,638</u>	<u>2,816,845</u>	<u>2,816,845</u>	
<b>Disbursements:</b>				
<b>Current:</b>				
Human Services	3,294,010	2,763,830	2,702,023	61,807
Changes in Fund Balance	238,628	53,015	114,822	61,807
Fund Balance at Beginning of Year	4,977	4,977	4,977	
Prior Year Encumbrances Appropriated	<u>16,356</u>	<u>16,356</u>	<u>16,356</u>	
Fund Balance at End of Year	<u><u>\$259,961</u></u>	<u><u>\$74,348</u></u>	<u><u>\$136,155</u></u>	<u><u>\$61,807</u></u>

*See Accompanying Notes to the Basic Financial Statements.*

**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE  
BUDGET (NON-GAAP BASIS) AND ACTUAL  
MOTOR VEHICLE LICENSE GAS TAX FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts:</b>				
Other Local Taxes	\$148,000	\$148,000	\$151,737	\$3,737
Charges for Services	500	500	1,074	574
Intergovernmental	3,700,000	3,656,409	3,630,026	(26,383)
Interest	52,000	52,000	29,793	(22,207)
Other	463,000	463,542	507,821	44,279
Total Receipts	<u>4,363,500</u>	<u>4,320,451</u>	<u>4,320,451</u>	
<b>Disbursements:</b>				
<b>Current:</b>				
Public Works	<u>5,785,275</u>	<u>4,485,685</u>	<u>4,253,704</u>	<u>231,981</u>
Changes in Fund Balance	(1,421,775)	(165,234)	66,747	231,981
Fund Balance at Beginning of Year	3,173,299	3,173,299	3,173,299	
Prior Year Encumbrances Appropriated	<u>59,258</u>	<u>59,258</u>	<u>59,258</u>	
Fund Balance at End of Year	<u><u>\$1,810,782</u></u>	<u><u>\$3,067,323</u></u>	<u><u>\$3,299,304</u></u>	<u><u>\$231,981</u></u>

*See Accompanying Notes to the Basic Financial Statements.*



**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE  
BUDGET (NON-GAAP BASIS) AND ACTUAL  
LAWNVIEW 169 BOARD FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts:</b>				
Property Taxes	\$2,230,100	\$2,451,797	\$2,426,593	(\$25,204)
Charges for Services	37,853	37,853	69	(37,784)
Intergovernmental	2,021,250	2,247,835	2,275,162	27,327
Interest	1,280	235	235	
Other	97,895	97,895	136,057	38,162
Total Receipts	<u>4,388,378</u>	<u>4,835,615</u>	<u>4,838,116</u>	<u>2,501</u>
<b>Disbursements:</b>				
<b>Current:</b>				
Health	<u>5,094,058</u>	<u>5,039,042</u>	<u>4,840,494</u>	<u>198,548</u>
Changes in Fund Balance	(705,680)	(203,427)	(2,378)	201,049
Fund Balance at Beginning of Year	1,872,248	1,872,248	1,872,248	
Prior Year Encumbrances Appropriated	<u>133,007</u>	<u>133,007</u>	<u>133,007</u>	
Fund Balance at End of Year	<u><u>\$1,299,575</u></u>	<u><u>\$1,801,828</u></u>	<u><u>\$2,002,877</u></u>	<u><u>\$201,049</u></u>

*See Accompanying Notes to the Basic Financial Statements.*

**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE  
BUDGET (NON-GAAP BASIS) AND ACTUAL  
CHILDREN'S SERVICES FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts:</b>				
Property Taxes	\$508,700	\$508,742	\$515,243	\$6,501
Intergovernmental	669,000	775,954	772,010	(3,944)
Other	80,800	80,800	1,323	(79,477)
Total Receipts	<u>1,258,500</u>	<u>1,365,496</u>	<u>1,288,576</u>	<u>(76,920)</u>
<b>Disbursements:</b>				
<b>Current:</b>				
Human Services	<u>1,282,016</u>	<u>1,279,543</u>	<u>1,269,268</u>	<u>10,275</u>
Changes in Fund Balance	(23,516)	85,953	19,308	(66,645)
Fund Balance at Beginning of Year	1,333,544	1,333,544	1,333,544	
Prior Year Encumbrances Appropriated	<u>33,516</u>	<u>33,516</u>	<u>33,516</u>	
Fund Balance at End of Year	<u>\$1,343,544</u>	<u>\$1,453,013</u>	<u>\$1,386,368</u>	<u>(\$66,645)</u>

*See Accompanying Notes to the Basic Financial Statements.*

**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**STATEMENT OF CASH BASIS FIDUCIARY NET POSITION  
AGENCY FUNDS  
DECEMBER 31, 2013**

**Assets:**

Equity in Pooled Cash and Cash Equivalents	\$7,510,060
Cash and Cash Equivalents in Segregated Accounts	<u>532,465</u>
Total Assets	<u><u>8,042,525</u></u>

**Net Position:**

Due to Other Governments	1,700,060
Undistributed Assets	<u>6,342,465</u>
Total Net Position	<u><u>\$8,042,525</u></u>

*See Accompanying Notes to the Basic Financial Statements.*

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**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(Continued)**

**1. REPORTING ENTITY**

Champaign County (the County) is a body politic and corporate established in 1805 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The County is governed by a board of three commissioners elected by the voters of the County. Other officials elected by the voters of the County that manage various segments of the County's operations are the Auditor, Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, a Common Pleas Court Judge, and two Family Court Judges.

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

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

**A. Primary Government**

The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the County. For Champaign County, this includes the Champaign County Board of Developmental Disabilities (DD), Children's Services Board, and departments and activities that are directly operated by the elected County officials.

**B. Discretely Presented Component Units**

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organization; or (2) the County is legally entitled to or can otherwise access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the County in that the County approves the budget, the issuance of debt, or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the County. There were no component units of Champaign County in 2013.

As custodian of public funds, the County Treasurer invests all public monies held on deposit in the County treasury. In the case of the separate organizations listed below, the County serves as fiscal agent but the organizations are not considered part of Champaign County. Accordingly, the activity of the following organizations is reported as agency funds within the financial statements:

- Champaign County District Board of Health
- Champaign County Family and Children First Council
- Champaign County Local Emergency Planning Commission
- Champaign Countywide Safety Communications System Council of Governments
- Mental Health, Drug, and Alcohol Services of Logan and Champaign Counties
- Soil and Water Conservation District
- Tri-County Regional Jail

**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(Continued)**

**1. REPORTING ENTITY (Continued)**

The County participates in certain organizations which are defined as joint ventures, jointly governed organizations, and insurance pools. These organizations are presented in Notes 16, 17, and 18 to the basic financial statements. These organizations are:

- Tri-County Regional Jail
- Mental Health, Drug, and Alcohol Services of Logan and Champaign Counties
- Central Ohio Youth Center
- Champaign County Family and Children First Council
- Fairways Regional Council of Governments
- Champaign Countywide Safety Communications System Council of Governments
- North Central Ohio Solid Waste Management District
- County Risk Sharing Authority, Inc.
- County Commissioners Association of Ohio Service Corporation
- County Employee Benefits Consortium of Ohio, Inc.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These financial statements are presented on a cash basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the County's accounting policies.

**A. Basis of Presentation**

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

**1. Government-Wide Financial Statements**

The statement of net position 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 statements usually distinguish between those activities of the County that are governmental in nature and those that are considered business-type activities. However, the County has no business-type activities.

The statement of net position presents the cash balance of the governmental activities of the County at year end. The statement of activities compares disbursements and program receipts for each program or function of the County's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the County is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants, contributions, and interest restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the general receipts of the County.

**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2. Fund Financial Statements**

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

**B. Fund Accounting**

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

**1. Governmental Funds**

The County classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The County's major governmental funds are the General Fund and the Job and Family Services, Motor Vehicle License Gas Tax, Lawnview 169 Board, and Children's Services special revenue funds.

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

**Job and Family Services Fund** - This fund accounts for federal, state, and local resources restricted to providing general relief and to pay providers of medical assistance and social services.

**Motor Vehicle License Gas Tax Fund** - This fund accounts for monies derived from gasoline taxes and the sale of motor vehicle licenses. Expenditures are restricted by State law to county road and bridge repair/improvement programs.

**Lawnview 169 Board** - This fund accounts for a County-wide property tax levy and federal and state grants restricted for the operation of a school for the persons who are developmentally disabled.

**Children's Services** - This fund accounts for federal, state, and local resources restricted to promoting and protecting children, stable families, adoption assistance, and supportive communities.

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

**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2. Fiduciary Funds**

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 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 did not have any trust funds in 2013. The County's agency funds are used to account for assets held by the County for political subdivisions for which the County acts as fiscal agent and for taxes, state-levied shared revenues, and fines and forfeitures collected and distributed to other political subdivisions.

**C. Basis of Accounting**

The County's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the County's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

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

**D. Budgetary Process**

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

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

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 appropriations 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.



**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Cash and Investments**

To improve cash management, cash received by the County is pooled and invested. Individual fund integrity is maintained through County records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Cash and cash equivalents that are held separately within departments of the County and not held by the County Treasurer are recorded as "Cash and Cash Equivalents in Segregated Accounts".

During 2013, the County invested in nonnegotiable certificates of deposit, which are reported at cost, and STAR Ohio. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's net asset value per share, which is the price the investment could be sold for on December 31, 2013.

Interest earnings are allocated to County funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2013 were \$403,395 which includes \$350,639 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 of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

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

**F. Restricted Assets**

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unclaimed monies that have a legal restriction on their use and the non-spendable portion of a trust are reported as restricted.

**G. Capital Assets**

Acquisitions of property, plant, and equipment are recorded as disbursements when paid. The financial statements do not report these assets.

**H. Compensated Absences**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the County.

**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**I. Long-Term Obligations**

Cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when disbursements are made.

**J. Net Position**

Net position is reported as restricted when there are limitations imposed on its use either through constitutional provisions or enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes primarily includes resources restricted for the upkeep of the County's roads and bridges, child support and welfare services, various law enforcement related activities, and activities of the County's courts. The County's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

**K. 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 governmental funds. The classifications are as follows:

**Non-spendable** - The non-spendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash.

**Restricted** - The restricted classification includes amounts 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 purposes specified by the legislation.

**Committed** - The committed classification includes amounts that can be used only for the specific purposes determined by a formal action (resolution) of the County Commissioners. The committed amounts cannot be used for any other purpose unless the County Commissioners remove or change 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 may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the County Commissioners, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assigned** - Amounts in the assigned 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. Assigned amounts represent intended uses established by the County Commissioners. The County Commissioners have authorized each department manager to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

**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.

The County first applies restricted resources when an expenditure is 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 can be used.

**L. Internal Activity**

Transfers within governmental activities are eliminated on the government-wide financial statements.

Internal allocations of overhead disbursements from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

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

**3. CHANGE IN ACCOUNTING PRINCIPAL@G**

For 2013, the County has implemented Governmental Accounting Standards Board (GASB) Statement No. 61, "The Financial Reporting Entity: Omnibus". GASB Statement No. 61 modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity and the financial reporting entity display and disclosure requirements. The implementation of this statement did not result in any change to the County's financial statements.

**4. COMPLIANCE**

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

**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(Continued)**

**4. COMPLIANCE (Continued)**

Ohio Revised Code Section 149.351 (A) states all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commission provided for under sections 149.38 to 149.42 of the Revised Code. Such records shall be delivered by outgoing officials and employees to their successors and shall not be otherwise removed, destroyed, mutilated, or transferred unlawfully. The County Sheriff's Office was unable to provide the duplicate receipt book for Webcheck fees collected for January 1, 2013, through February 10, 2013.

**5. BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash, receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual presented for the General Fund, and the Job and Family Services, Motor Vehicle License Gas Tax, Lawnview 169 Board, and Children's Services special revenue funds is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances which are treated as cash disbursements (budgetary basis) rather than as committed or assigned fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) for the General Fund and Job and Family Services fund were \$124,489 and \$10,234, respectively. There were no encumbrances outstanding at year end (budgetary basis) for the Motor Vehicle License Gas Tax, Lawnview 169 Board, and Children's Services funds.

**6. DEPOSITS AND INVESTMENTS**

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 in the following securities provided a written investment policy has been filed 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, or any book entry zero-coupon United States treasury security that is a direct obligation of the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(Continued)**

**6. DEPOSITS AND INVESTMENTS (Continued)**

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 its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange 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 10 percent of the value of the outstanding commercial paper of the issuing corporation, and which mature within two hundred seventy days after purchase;
  - b. bankers acceptances eligible for purchase by the federal reserve system and which mature within one hundred eighty days after purchase;
10. Up to 15 percent of the County's average portfolio in notes issued by United States corporations or by depository institutions that are doing business under authority granted by the United States 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. Up to 1 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.

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

**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(Continued)**

**6. DEPOSITS AND INVESTMENTS (Continued)**

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

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

**A. 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, \$3,160 of the County's bank balance of \$22,507,586 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the County to a successful claim by the FDIC.

The County has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the County or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

**B. Investments**

At December 31, 2013, the County had \$8,649 invested with STAR Ohio. This investment had an average maturity of 53.4 days and a rating of AAA by Standard and Poor's. The County has no policy for interest rate or credit risk beyond the requirements of State statute. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

**7. PROPERTY TAXES**

Property taxes include amounts levied against all real and public utility property located in the County. Real property tax revenues received in 2013 represent the collection of 2012 taxes. Real property taxes received in 2013 were levied after October 1, 2012, on the assessed values as of January 1, 2012, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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

**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(Continued)**

**7. PROPERTY TAXES (Continued)**

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

The full tax rate for all County operations for the year ended December 31, 2013, was \$10.70 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2013 property tax receipts were based are as follows:

<b>Real Property:</b>	
Residential/Agriculture	\$619,503,570
Commercial/Industrial/Mineral	91,390,410
<b>Public Utility Property:</b>	
Real	29,838,770
Personal	86,570
Total Assessed Value	\$740,819,320

**8. PERMISSIVE SALES AND USE TAX**

The County Commissioners, by resolution, imposed a one and one-half percent tax on all retail sales made in the County, except sales of motor vehicles, and on the storage, use, or consumption of tangible personal property in the County, including motor vehicles not subject to the sales tax. Sales tax is credited to the General Fund. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month. A warrant payable to the County is to be made within five days of the certification.

**9. RISK MANAGEMENT**

**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 2013, the County contracted with the County Risk Sharing Authority for insurance coverage.

Coverage provided was as follows:

Property	\$58,700,969
General Liability	1,000,000
Excess Liability	4,000,000
Automobile Liability	1,000,000
Law Enforcement Liability	1,000,000

With the exceptions of medical coverage and workers' compensation, all insurance is held with CORSA. Due to a reappraisal of the County's property, property coverage increased significantly from 2012.

**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(Continued)**

**9. RISK MANAGEMENT (Continued)**

**B. Workers Compensation**

For 2013, the County participated in the County Commissioners Association of Ohio Service Corporation, a workers' compensation group rating plan (Plan). 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 counties in the Plan. Each county pays its workers' compensation premium to the State based on the rate for the Plan rather than the county's individual rate.

In order to allocate the savings derived by the 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 Comp Management, Inc. provides administrative, cost control, and actuarial services to the Plan. Each year, the County pays an enrollment fee to the Plan to cover the costs of administering the program.

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 County is not relieved of the obligation to pay any amounts owed to the Plan prior to withdrawal, and any county leaving the Plan allows the representative of the Plan to access loss experience for three years following the last year of participation.

**C. Medical and Life Insurance**

For 2013, the County participated in a risk-sharing pool, the County Employee Benefits Consortium of Ohio, Inc. (CEBCO). CEBCO charges a fixed premium per month per enrolled employee. Premiums charged by CEBCO are based upon the County's claims experience. CEBCO retains liability for claims that exceed the expected losses and charged premiums.

**10. DEFINED BENEFIT PENSION PLANS**

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



**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(Continued)**

**10. DEFINED BENEFIT PENSION PLANS (Continued)**

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to the Ohio Public Employees Retirement System, 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 public safety and law enforcement 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 the state and local classifications. The Ohio Revised Code authorizes OPERS to calculate employee contribution rates for public safety employees and limits the law enforcement rate to the public safety rate plus an additional percent are not to exceed 2 percent. For the year ended December 31, 2013, members in state and local classifications contributed 10 percent of covered payroll while public safety and law enforcement members contributed 12 percent and 12.6 percent, respectively. Effective January 1, 2014, the member contribution rate for law enforcement increased to 13 percent. While members in the state and local classifications may participate in all three plans, public safety and law enforcement classifications exist only within the traditional plan. For 2013, member and employer contribution rates were consistent across all three plans.

The County's 2013 contribution rate was 14 percent, except for those plan members in public safety or law enforcement, for whom the County's contribution was 18.1 percent of covered payroll. The portion of the County's contribution used to fund pension benefits is net of postemployment health care benefits. The portion of the County's contribution allocated to health care for members in both the traditional and combined plans was 1 percent for 2013. Effective January 1, 2014, the portion of the employer contribution allocated to health care increased to 2 percent. Employer contribution rates are actuarially determined.

The County's required contribution for pension obligations to the traditional and combined plans for the years ended December 31, 2013, 2012, and 2011 was \$1,549,571, \$1,165,909, and \$1,237,558, respectively. For 2013, 65 percent has been contributed. The full amount has been contributed for 2012 and 2011. Contributions to the member-directed plan for 2013 were \$56,653 made by the County and \$40,466 made by the plan members.

**11. POST-EMPLOYMENT BENEFITS**

**Plan Description** - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional 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 postemployment health care plan for qualifying members of both the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment health care coverage. The plan includes a medical plan, a prescription drug program, and Medicare Part B premium reimbursement.

**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(Continued)**

**11. POST-EMPLOYMENT BENEFITS (Continued)**

In order to qualify for postemployment health care coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not 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>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013, state and local employers contributed 14 percent of covered payroll and public safety and law enforcement employers contributed 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code.

Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding postemployment health care benefits. The portion of the employer contribution allocated to health care for members in both the traditional and combined plans was 1 percent for 2013. Effective January 1, 2014, the portion of the employer contribution allocated to health care was raised to 2 percent for both plans as recommended by the OPERS actuary.

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 the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the postemployment health care plan.

The County's contribution allocated to fund postemployment health care benefits for the years ended December 31, 2013, 2012, and 2011 was \$120,235, \$473,421, and \$497,211, respectively. For 2013, 65 percent has been contributed. The full amount has been contributed for 2012 and 2011.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 9, 2012, with a transition plan commencing on January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

**12. COMPENSATED ABSENCES**

County employees earn vacation and sick leave at varying rates depending on length of service. Currently, employees are not permitted to accrue or carry over more than the equivalent of three year's vacation leave. All accumulated unused vacation time is paid upon separation from the County. County employees hired after March 1, 1983, are paid for thirty days of accumulated unused sick leave upon retirement at the rate of pay in effect at the time of retirement, while those employees hired prior to March 1, 1983, are paid for 120 days of accumulated unused sick leave.

**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(Continued)**

**13. LONG-TERM OBLIGATIONS**

The County's long-term debt activity for the year ended December 31, 2013, was as follows:

	<u>Interest Rate</u>	<u>Balance 12/31/2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/2013</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>						
<b>General Obligation Bonds:</b>						
2005 County Building Refunding (Original Amount \$2,010,000)	4.5%	\$1,400,000		\$260,000	\$1,140,000	\$270,000
OPWC Loan 2002 Ohio Public Works Commission (Original Amount \$871,786)		290,596		29,060	261,536	58,119
<b>Total Governmental Activities</b>		<u>\$1,690,596</u>	<u>\$0</u>	<u>\$289,060</u>	<u>\$1,401,536</u>	<u>\$328,119</u>

**A. General Obligation Bonds**

All general obligation bonds are supported by the full faith and credit of Champaign County and are payable from un-voted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments.

**2005 County Building Refunding Bonds** - The 2005 County Building Refunding Bonds were issued to refund \$1,865,000 of 1998 Various Purpose Bonds. The bonds will be repaid from the South Point bond retirement fund with transfers from the General Fund.

**B. OPWC Loan**

The OPWC loan consists of monies owed to the Ohio Public Works Commission for capital improvement projects. The OPWC loan matures in 2017. Revenues of the Motor Vehicle License Gas Tax special revenue fund have been pledged to repay this loan.

At December 31, 2013, the County's overall debt margin was \$15,877,983 with an un-voted debt margin of \$6,265,693.

The following is a summary of the County's future annual debt service requirements for governmental activities:

<u>Year</u>	<u>General Obligation Bonds</u>		<u>OPWC Loans</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>
2014	\$270,000	\$45,600	\$58,119
2015	280,000	34,800	58,119
2016	290,000	23,600	58,119
2017	300,000	12,000	58,119
2018			29,060
	<u>\$1,140,000</u>	<u>\$116,000</u>	<u>\$261,536</u>

The County has issued limited obligation bonds and special limited revenue obligation bonds which are summarized in the following table:

**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(Continued)**

**13. LONG-TERM OBLIGATIONS (Continued)**

	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Balance December 31, 2013</u>
Limited Obligation Bonds			
Urbana University Project	11/26/2002	\$2,659,000	\$1,587,099
Special Limited Revenue Obligation Bonds			
WICOR Americas, Inc.	8/24/2010	12,300,000	8,808,950

The County is not obligated in any way to pay debt and related charges on limited obligation bonds or special limited revenue obligation bonds from any of its funds, and therefore, they have been excluded entirely from the County's financial statements. There has not been and there is not currently any condition of default under the debt or the related financing documents.

**14. FUND BALANCE**

Fund balance is classified as non-spendable, 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 governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below.

<u>Fund Balance</u>	<u>General</u>	<u>Job and Family Services</u>	<u>Motor Vehicle License Gas Tax</u>	<u>Lawnview 169 Board</u>	<u>Children's Services</u>	<u>Other Governmental</u>
<b>Non-spendable for:</b>						
Lawnview Trust				\$60,000		
Unclaimed Monies	\$58,540					
<b>Total Non-spendable</b>	<u>58,540</u>			<u>60,000</u>		

**Restricted for:**

Child Support Enforcement						\$687,193
Court Operations						396,936
Crime Victim Assistance						1,465
Debt Retirement						31,559
Delinquent Tax Collections						101,770
Ditch Maintenance						117,730
Dog and Kennel Operations						110,912
Economic Development						80,204
Emergency Management						192,022
Job and Family Services Operations		\$146,389			\$1,410,238	
Juvenile Corrections						79,470
Law Library Operations						20,973
Developmental Disabilities Operations				2,055,340		
Permanent Improvements						189,371
Recycling						61,265
Real Estate Assessment						556,296
Road and Bridge Repair/ Improvement			\$3,299,304			121,962

(Continued)

**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(Continued)**

**14. FUND BALANCE**

<u>Fund Balance</u>	<u>General</u>	<u>Job and Family Services</u>	<u>Motor Vehicle License Gas Tax</u>	<u>Lawnview 169 Board</u>	<u>Children's Services</u>	<u>Other Governmental</u>
<b>Restricted for: (Continued)</b>						
Sheriff Operations						81,641
Transit System	156,384					
Voting						8,928
Total Restricted	<u>156,384</u>	<u>146,389</u>	<u>3,299,304</u>	<u>2,055,340</u>	<u>1,410,238</u>	<u>2,839,697</u>
<b>Committed to:</b>						
Economic Development	<u>402,886</u>					
<b>Assigned for:</b>						
Document Recording	47,807					
Projected Budget Shortage	2,353,756					
Sheriff Operations	17,840					
Title Administration	196,590					
Transit System	356,334					
Unpaid Obligations	104,241					
Total Assigned	<u>3,076,568</u>					
Unassigned	610,069					
Total Fund Balance	<u>\$4,304,447</u>	<u>\$146,389</u>	<u>\$3,299,304</u>	<u>\$2,115,340</u>	<u>\$1,410,238</u>	<u>\$2,839,697</u>

**15. INTERFUND TRANSFERS**

During 2013, transfers were made from the General Fund to Other Governmental funds, in the amount of \$372,937 to subsidize operations in those funds. Transfers were made from Other Governmental funds, in the amount of \$58,119, to Other Governmental funds to make debt payments as they came due.

**16. JOINT VENTURES**

**A. Tri-County Regional Jail**

Champaign County is a participant in the Tri-County Regional Jail, a minimum, medium, and maximum security prison. The prison was built to house convicted criminals from Champaign, Madison, and Union Counties. The governing board consists of the Sheriff from Champaign County and the Common Pleas Judge from each participating county. The Champaign County Auditor serves as fiscal agent. During 2013, Champaign County contributed \$1,702,355 towards the operation of the jail. The percentage of equity interest for the County is based on the amount that will be distributed to the County if the contract is terminated. The County's equity interest of \$320,658 represents 33.3 percent of the total equity of the Jail. The Jail is not accumulating significant financial resources nor experiencing fiscal stress which would cause additional financial benefit to or burden on the County. Financial information may be obtained by writing the Champaign County Auditor, 1512 South U.S. Highway 68, Urbana, Ohio 43078.

**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(Continued)**

**16. JOINT VENTURES (Continued)**

**B. Mental Health, Drug, and Alcohol Services Board of Logan and Champaign Counties**

The Mental Health, Drug, and Alcohol Services Board of Logan and Champaign Counties (MHDAS) is a joint venture between Logan and Champaign Counties. The joint venture was formed to provide mental health education, consultation, training, and referral services to the public. Each county supports the joint venture through a tax levy. The MHDAS is controlled by a board whose membership consists of eighteen Logan and Champaign county residents appointed by the Ohio Department of Mental Health, the Ohio Department of Alcohol and Drug Addiction Services, and the Logan and Champaign County Commissioners. The continued existence of the MHDAS is dependent on the combined participation of the counties. The MHDAS is not accumulating significant financial resources nor experiencing fiscal stress which would cause additional financial benefit to or burden on the County.

The County cannot significantly influence the operations of the MHDAS Board. The Board has sole budgetary authority and controls surpluses and deficits and the County is not legally obligated for the debt of MHDAS. Financial information may be obtained from the Mental Health, Drug, and Alcohol Services Board of Logan and Champaign Counties, 123 North Detroit Street, West Liberty, Ohio 43357.

**17. JOINTLY GOVERNED ORGANIZATIONS**

**A. Central Ohio Youth Center**

The Central Ohio Youth Center is a jointly governed organization involving Champaign, Delaware, Logan, Madison, and Union Counties. The Center provides facilities for the training, treatment, and rehabilitation of delinquent, dependent, abused, or neglected children and was established under Section 2151.34 of the Ohio Revised Code. The operation of the Center is controlled by a joint board of trustees whose membership consists of two appointees of the Union County Commissioners, two appointees of the Delaware County Commissioners, and one appointee from Champaign, Logan, and Madison Counties. Each county's ability to influence the operations of the Center is limited to its representation on the board of trustees. Appropriations are adopted by the joint board of trustees who exercise control over the operation and maintenance of the Center. Union County serves as the fiscal agent. Each county is charged for its share of the operating costs of the Center based on the number of individuals from their County in attendance. During 2013, Champaign County contributed \$322,661 for operations of the Center. Financial information may be obtained by writing to the Central Ohio Youth Center, 18100 State Route 4, Marysville, Ohio 45040.

**B. Champaign County Family and Children First Council**

The Champaign County Family and Children First Council was established under Section 121.37 of the Ohio Revised Code to provide help to families seeking government services. These services are provided through coordination, collaboration, and cooperation of parents and of public and private agencies who foster and develop resources which minimize barriers and enable families to build on their strengths to enhance their quality of life. Council membership is set by State statute and includes the Chairman of the Board of County Commissioners, or their designee. Appropriations are adopted by the Champaign County Budget Commission and the Champaign County Auditor serves as the fiscal agent. During 2013, Champaign County contributed \$21,414 to the Champaign County Family and Children First Council. Financial information may be obtained by writing to the Champaign County Family and Children First Council, 2200 South U.S. Highway 68, P. O. Box 38147, Urbana, Ohio 43078.

**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(Continued)**

**17. JOINTLY GOVERNED ORGANIZATIONS (Continued)**

**C. Fairways Regional Council of Governments**

The County is a participant in the Fairways Regional Council of Governments, a jointly governed organization between Champaign and Madison Counties. The Council is established under section 167 of the Ohio Revised Code and the purpose is to provide supported living services and family support services for individuals with developmental disabilities and their families. The Council is governed by a three member board of directors consisting of the superintendents of the Board of Developmental Disabilities of each county. During 2013, Champaign County contributed \$268,076 to the Fairways Regional Council of Governments. Financial information may be obtained by writing to the Fairways Regional Council of Governments, 245 Valley Road, Xenia, Ohio 45385.

**D. Champaign Countywide Safety Communications System Council of Governments**

Champaign County and the City of Urbana entered into an agreement to create a regional council of governments to operate an enhanced 9-1-1 system. Champaign County serves as fiscal agent. During 2013, Champaign County had no contributions to the Champaign Countywide Safety Communications System Council of Governments. Financial information may be obtained by writing to the Champaign Countywide Safety Communications System Council of Governments, 1512 South U.S. Highway 68, Suite A100, Urbana, Ohio 43078.

**E. North Central Ohio Solid Waste Management District**

Champaign County participates in a multi-county solid waste district along with Allen, Hardin, Madison, Shelby, and Union Counties. The Board of Directors consists of County Commissioners from each county. Initial funding for the District was contributed by each county based on each county's population as compared to the total of all participating counties' populations. In 1994, the District became self-supporting and does not anticipate having to rely on future support coming from funds given to the District by the six participating counties. Allen County serves as fiscal agent for the District. Financial information may be obtained by writing to the North Central Ohio Solid Waste Management District, 815 Shawnee Road, Suite D, Lima, Ohio 45805.

**18. INSURANCE POOLS**

**A. County Risk Sharing Authority, Inc.**

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

Each member county has one vote on all matters requiring a vote to be cast by a designated representative. The affairs of CORSA are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the Board of Trustees. No county may have more than one representative on the Board of Trustees at any time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the Board of Trustees.

**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(Continued)**

**18. INSURANCE POOLS (Continued)**

**B. County Commissioners Association of Ohio Service Corporation**

The County participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The County Commissioners Association of Ohio Service Corporation (CCAOSC) was established through the County Commissioners' Association of Ohio (CCAO) as an insurance 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 participants. The group executive committee consists of nine members. Two members are the president and the treasurer of the CCAOSC; the remaining seven members are representatives of the participants. These seven members are elected for the ensuing year by the participants at a meeting held in December of each year. No participant can have more than one member on the group executive committee in any year and each elected member shall be a county commissioner.

**C. County Employee Benefits Consortium of Ohio, Inc.**

The County participates with the County Employee Benefits Consortium of Ohio, Inc. (CEBCO), an Ohio not-for-profit corporation with membership open to Ohio political subdivisions to collectively pool resources to purchase employee benefits. The County pays, on a monthly basis, the annual actuarially determined funding rate. Components of the funding rate include the claims fund contribution, incurred but not reported claims, a claims contingency reserve fund, as well as the fixed cost of the consortium. The business and affairs of the consortium are managed by a board of not less than nine or more than fifteen directors that exercise all powers of the consortium. Two thirds of the directors are County Commissioners of the member Counties and one third are employees of member Counties. Each member of the consortium is entitled to one vote. At all times, one director is required to be a member of the board of directors of the CCAO and another is required to be a board member of the County Risk Sharing Authority, Inc.

**19. 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 the terms of the grant. Based on prior experience, the County Commissioners believe such disallowances, if any, will be immaterial.

Several other claims and lawsuits are pending against the County. In the opinion of the County Prosecuting Attorney, any potential liability would not have a material adverse effect on the financial statements.



**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2013**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE FOOD AND NUTRITION SERVICE</b>			
<i>(Passed through Ohio Department of Job and Family Services)</i>			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	G-1415-11-5339	10.561	\$176,880
Total U.S. Department of Agriculture Food and Nutrition Service			<u>176,880</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<i>(Passed through Ohio Development Services Agency)</i>			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	BF-11-1AK-1 BC-11-1AK-1 BF-12-1AK-1	14.228	51,374 425,447 78,271
Total Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii			<u>555,092</u>
Total U.S. Department of Housing and Urban Development			<u>555,092</u>
<b>U.S. DEPARTMENT OF LABOR</b>			
<i>(Passed through Area 7 Workforce Investment Board)</i>			
Workforce Investment Act (WIA) Cluster:			
WIA Adult Program	N/A	17.258	99,251
WIA Adult Program - Administration	N/A		453
Total WIA Adult Program			<u>99,704</u>
WIA Youth Activities	N/A	17.259	30,512
WIA Youth Activities - Administration	N/A		5,855
Total WIA Youth Activities			<u>36,367</u>
WIA Dislocated Worker Formula Grants	N/A	17.278	54,968
WIA Dislocated Worker Formula Grants - Administration	N/A		4,778
Total WIA Dislocated Worker Formula Grants			<u>59,746</u>
Total Workforce Investment Act Cluster and Total U.S. Department of Labor			<u>195,817</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
<i>(Passed through Ohio Department of Transportation)</i>			
Highway Planning and Construction	PID 92279 PID 90189	20.205	25,271 7,846
Total Highway Planning and Construction			<u>33,117</u>
Formula Grants for Rural Areas:			
Formula Grants for Rural Areas	RPT 0011 033132 RPT 4011 031131	20.509	16,165 73,784
Total Formula Grants for Rural Areas			<u>89,949</u>
Total U.S. Department of Transportation			<u>123,066</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>(Passed through Champaign County Family Children First Council)</i>			
Special Education - Grants for Infants and Families	N/A	84.181	23,863
Total U.S. Department of Education			<u>23,863</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<i>(Passed through Area Agency on Aging, Planning &amp; Service Area)</i>			
Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers	FY13	93.044	33,103
<i>(Passed through Ohio Department of Job and Family Services)</i>			
Promoting Safe and Stable Families	G-1415-11-5339	93.556	63,492
Temporary Assistance for Needy Families	G-1415-11-5339	93.558	497,112
Child Support Enforcement	G-1415-11-5339	93.563	490,676
Child Care and Development Block Grant	G-1415-11-5339	93.575	31,722
<i>(Passed through Ohio Secretary of State)</i>			
Voting Access for Individuals with Disabilities-Grants to States	N/A	93.617	560

**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2013**

<b>Federal Grantor/ Pass Through Grantor Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Disbursements</b>
<i>(Passed through Ohio Department of Job and Family Services)</i> Stephanie Tubbs Jones Child Welfare Services Program	G-1415-11-5339	93.645	46,826
Foster Care Title IV-E		93.658	188,396
Adoption Assistance	G-1415-11-5339	93.659	117,909
Social Services Block Grant: <i>(Passed through Ohio Department of Job and Family Services)</i> Social Services Block Grant	G-1415-11-5339	93.667	399,830
<i>(Passed through Ohio Board of Developmental Disabilities)</i> Social Services Block Grant	N/A		<u>32,673</u>
Total Social Service Block Grant			<u>432,503</u>
<i>(Passed through Ohio Department of Job and Family Services)</i> Community-Based Child Abuse Prevention Grants	G-1415-11-5339	93.590	1,442
Children's Health Insurance Program	G-1415-11-5339	93.767	893
Medical Assistance Program: <i>(Passed through Ohio Department of Job and Family Services)</i> Medical Assistance Program	G-1415-11-5339	93.778	222,856
<i>(Passed through Ohio Board of Developmental Disabilities)</i> Medical Assistance Program	N/A	93.778	<u>30,579</u>
Total Medical Assistance Program			<u>253,435</u>
Total U.S. Department of Health & Human Services			<u>2,158,069</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
<i>(Passed through Ohio Department of Public Safety)</i>			
Emergency Management Performance Grants	EMW-2012-EP-00004-S01	97.042	23,543
Total Emergency Management Performance Grants	EMW-2013-EP-00060-501		<u>17,427</u>
			40,970
Homeland Security Grant Program	2010-SS-T0-0012	97.067	<u>9,823</u>
Total U.S. Department of Homeland Security			<u>50,793</u>
Total Federal Financial Assistance			<u><u>\$3,283,580</u></u>

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

**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
FISCAL YEAR ENDED DECEMBER 31, 2013**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B – SUB-RECIPIENTS**

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

As a sub-recipient, the county has certain compliance responsibilities, such as monitoring its sub-recipients to help assure they use these sub-awards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that sub-recipients achieve the award's performance goals.

**NOTE C - 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 D – PRIOR YEAR PROGRAM EXPENDITURE ADJUSTMENTS**

During the calendar year, the County Board of Developmental Disabilities received a settlement for the 2008 Cost Report from the Ohio Department of Developmental Disabilities for the Medicaid Program (CFDA #93.778) in the amount of \$717.79. The Cost Report settlement was for settlement of the difference between the statewide payment rate and the rate calculated based upon actual expenditures for Medicaid services. This revenue is not listed on the County's Schedule since the underlying expenses occurred in prior periods.

**NOTE E – COMMUNITY DEVELOPMENT BLOCK GRANTS/STATE'S PROGRAM AND NON-ENTITLEMENT GRANTS IN HAWAII**

The County received grant funds for the Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii program. The entire funds were not expended prior to the grant expiration period. As a result, the County returned \$3,318 to the Ohio Development Services Agency during 2013. This is not reported as an expenditure on the Schedule.

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# Dave Yost • Auditor of State

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

Honorable Board of County Commissioners  
Honorable County Auditor  
Honorable County Treasurer  
Champaign County  
1512 South U.S. Highway 68, Suite B300  
Urbana, Ohio 43078

To the Board of County Commissioners, County Auditor, and County Treasurer:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated October 10, 2014, wherein we noted the County uses a special purpose framework other than generally accepted accounting principles.

### ***Internal Control Over Financial Reporting***

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

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

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

***Compliance and Other Matters***

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2013-001 and 2013-002.

***Entity's Response to Findings***

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

***Purpose of this Report***

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



**Dave Yost**  
Auditor of State

Columbus, Ohio

October 10, 2014



# Dave Yost • Auditor of State

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

Honorable Board of County Commissioners  
Honorable County Auditor  
Honorable County Treasurer  
Champaign County  
1512 South U.S. Highway 68, Suite B300  
Urbana, Ohio 43078

To the Board of County Commissioners, County Auditor, and County Treasurer:

### ***Report on Compliance for Each Major Federal Program***

We have audited Champaign County's (the County) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of Champaign County's major federal programs for the year ended December 31, 2013. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the County's major federal programs.

### ***Management's Responsibility***

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

### ***Auditor's Responsibility***

Our responsibility is to opine on the County's compliance for each of the County's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the County's major programs. However, our audit does not provide a legal determination of the County's compliance.

***Basis for Qualified Opinion on Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii***

As described in finding 2013-003 in the accompanying schedule of findings, the County did not comply with requirements regarding cash management applicable to its Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii major federal program. Compliance with this requirement is necessary, in our opinion, for the County to comply with requirements applicable to this program.

***Qualified Opinion on Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii***

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii* paragraph, Champaign County complied, in all material respects, with the requirements referred to above that could directly and materially affect its *Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii* for the year ended December 31, 2013.

***Unmodified Opinion on Each of the Other Major Federal Programs***

In our opinion, Champaign County complied in all material respects with the requirements referred to above that could directly and materially affect each of its other major federal programs identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings for the year ended December 31, 2013.

***Other Matters***

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

***Report on Internal Control Over Compliance***

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

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



*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program's compliance requirement will not be prevented, or timely detected and corrected. *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's applicable 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2013-003 to be a material weakness.

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

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

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

**Dave Yost**  
Auditor of State

Columbus, Ohio

October 10, 2014

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**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2013**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified for all major programs except Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii, which is qualified
<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>	CFDA #14.228 – Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii  CFDA #93.558 – Temporary Assistance for Needy Families  CFDA #93.563 – Child Support Enforcement  CFDA #93.778 – Medical Assistance Program
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

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

**FINDING NUMBER 2013-001**

**Noncompliance**

**Failure to Maintain Required Records**

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

The County Sheriff's Office was unable to provide the duplicate receipt book for Webcheck fees collected January 1, 2013 through February 10, 2013.

The County Sheriff's Office should adopt policies and procedures to verify all documentation is properly maintained. Failure to retain these required public records may result in an incomplete audit trail, create potential problems for future management decisions, and/or result in unaccountable funds.

**Officials' Response:**

The Sheriff's Office has amended its Policies and Procedures Manual Section 17.1.79 to state "All completed receipt books will be held and filed by the Administrative Assistant. No completed receipt book will be disposed of until allowable by Ohio law"

**FINDING NUMBER 2013-002**

**Noncompliance**

**Annual Financial Reporting**

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

**Ohio Admin. Code §117-2-03(B)** requires the County to prepare its financial report in accordance with generally accepted accounting principles. The County prepared its financial statements in accordance with the cash basis of accounting. The accompanying financial statements and notes omitted assets, liabilities, deferred inflows/outflows, equities, and disclosures that, while material, cannot be determined at this time. The County can be fined and various other administrative remedies may be taken against the County for its failure to file the required financial report.

The County should prepare its annual report in accordance with the above requirements to improve financial reporting and accountability for all users.

**Officials' Response:**

We did not receive a response from Officials to this Finding

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

**Cash Management**

<b>Finding Number</b>	2013-003
<b>CFDA Title and Number</b>	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii CFDA 14.228
<b>Federal Award Number / Year</b>	BC-11-1AK-1
<b>Federal Agency</b>	U.S. Department of Housing and Urban Development
<b>Pass-Through Agency</b>	Ohio Development Services Department

**Noncompliance and Material Weakness**

**24 C.F.R. Section 85.21(c)** states grantees and sub-grantees shall be paid in advance, provided they maintain or demonstrate the willingness and ability to maintain procedures to minimize the time elapsing between the transfer of the funds and their disbursement by the grantee or sub-grantee.

Section (A)(3)(f) of the Ohio Department of Development, Office of Housing and Community Partnership's Financial Management Rules and Regulations Handbook requires grantees to develop a cash management system to ensure compliance with the Fifteen Day Rule relating to prompt disbursement of funds. This rule states that funds drawn down should be limited to amounts that will enable the grantee to disburse the funds on hand to a balance of less than \$5,000 within fifteen days of receipt of any funds.

Grant B-C-11-1AK-1 had six draws that were not expended within 15 days of receipt of the funds, which resulted in a balance greater than \$5,000 from March to December 2013, ranging from \$6,168 to \$195,804. At December 31, 2013, the balance of the grant was \$20,825 and was not fully expended until April 2014.

The failure to comply with the cash management requirements per the Ohio Department of Development Rules and Regulations could result in a loss of grant funding.

The County should develop a cash management system to monitor the fifteen day rule regarding the prompt disbursement of funds. Requests for payments should be submitted for current cash needs. Procedures should be established to monitor the receipts, disbursements, and balances of the Community Development Block Grant funds to avoid excessive federal fund cash balances.

**Officials' Response:**

See Corrective Action Plan

**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 § .315 (b)  
DECEMBER 31, 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain</b></i>
2012-001	<b>Ohio Rev. Code §117.38 and Ohio Admin. Code §117-2-03(B)</b> – Failure to file GAAP financial report	No	Repeated as Finding 2013-002
2012-002	<b>Ohio Rev. Code §5101.144</b> – Children Services Fund revenues posted to incorrect fund	Yes	
2012-003	<b>Ohio Public Works Commission (OPWC) Grant Agreements and AoS Bulletin 2002-004</b> – Failure to properly account for OPWC on-behalf revenues and expenditures	Yes	

**FINANCIAL CONDITION  
CHAMPAIGN COUNTY**

**CORRECTIVE ACTION PLAN  
OMB CIRCULAR A -133 § .315 (c)  
DECEMBER 31, 2013**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2013 -003	As a corrective action, I have discussed this timing issue with our Consultant and they are aware that it needs to be resolved. In the future they plan to delay draw of grant funds until they can be expended in a timely manner within the boundaries of the Ohio Department of Development, Office of Housing and Community Partnership's Financial Management Rules and Regulations Handbook Fifteen Day Rule.	October 31, 2014	Andrea Millice Clerk/Administrator

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# Dave Yost • Auditor of State

## CHAMPAIGN COUNTY FINANCIAL CONDITION

### CHAMPAIGN COUNTY

#### CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
NOVEMBER 18, 2014