



Dave Yost • Auditor of State

PICKAWAY COUNTY

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Independent Auditor's Report	1
Management's Discussion & Analysis	5
BASIC FINANCIAL STATEMENTS	
<u>Governmental Financial Statements</u>	
Statement of Net Position	17
Statement of Activities.....	18
<u>Fund Financial Statements</u>	
Balance Sheet-Governmental Funds.....	20
Reconciliation of Total Governmental Fund Balances To Net Position of Governmental Activities.....	21
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	23
Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual (Budget Basis)	
General Fund	24
Auto, License and Gas Tax Fund	25
Job and Family Services Fund.....	26
Board of Developmental Disabilities Fund.....	27
Statement of Fund Net Position - Proprietary Funds	28
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds.....	29
Statement of Cash Flows- Proprietary Funds.....	30
Statement of Fiduciary Net Position - Fiduciary Funds.....	32
Statement of Changes in Fund Net Position - Fiduciary Funds.....	33
Notes to the Basic Financial Statements	35
Schedule of Federal Awards Expenditures.....	75
Notes to the Schedule of Federal Awards Expenditures	79

PICKAWAY COUNTY

TABLE OF CONTENTS
(Continued)

TITLE	PAGE
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	81
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Programs and on Internal Control Over Compliance Required by OMB Circular A-133	83
Schedule of Findings.....	87
Corrective Action Plan.....	94
Schedule of Prior Audit Findings.....	95



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Pickaway County
139 West Franklin Street
Circleville, Ohio 43113

To the County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of Pickaway 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 accounting principles generally accepted in the United States of America; this includes 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 financial position of the governmental activities, the business-type activities, each major fund, and the aggregate the discretely presented component unit and remaining fund information of Pickaway

County, Ohio, as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Auto License Gas Tax, Job & Family Services and Board of Development Disabilities funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the County's basic financial statements taken as a whole.

The Schedule of Federal Award Expenditures 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.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 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

September 19, 2014

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Pickaway County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

The discussion and analysis of Pickaway County's financial performance provides an overall review of the County's financial activities for the fiscal year ended December 31, 2013. The intent of this discussion and analysis is to look at the County's financial performance as a whole. Readers should also review the financial statements and notes to those respective statements to enhance their understanding of the County's financial performance.

Financial Highlights

Key financial highlights for 2013 are as follows:

- The assets of the County exceeded its liabilities at December 31, 2013, by \$64,005,956.
- The net position of governmental activities increased \$1,234,556 which represents a 1.99 percent increase from 2012, while the net position of business-type activities increased \$47,600, which represents a 5.61 percent increase.
- For 2013, all revenues of the County totaled \$36,737,221. General revenues accounted for \$17,346,365 in revenue or 47.22 percent of all revenues. Program revenues in the form of charges for services and grants and contributions accounted for \$19,390,856 or 52.78 percent of all revenues.
- The County had \$35,455,065 in total expenses: only \$19,390,856 of these expenses were offset by program specific charges for services, grants and contributions. General revenues were \$17,346,365 of which \$14,645,536 was taxes with the remaining \$2,700,829 interest, grants, entitlements and miscellaneous revenues.
- As of December 31, 2013, the County's governmental funds reported combined ending fund balances of \$24,713,327 an increase of \$2,121,713 or 9.39 percent in comparison with the prior year.

Overview of the Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Pickaway County as a financial whole or as an entire operating entity. The statements then proceed to provide a detailed look at specific financial conditions.

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: The government-wide financial statements, fund financial statements, and notes to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to private-sector businesses. The statement of net position and the statement of activities provide information about activities of the County as a whole, presenting both an aggregate view of the County's finances and a longer-term view of those assets.

Pickaway County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

The statement of net position presents information on all of the County's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the County's tax base, current property tax laws in Ohio restricting revenue growth, and the condition of the County's capital assets (roads, bridges, sewer lines, etc.). These factors need to be considered when assessing the overall health of the County.

The statement of activities presents information showing how the government's net position changed during the recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

In both of the government-wide financial statements, the County is divided into two distinct kinds of activities: governmental activities and business-type activities.

Governmental Activities - Most of the County's programs and services are reported here including human services, health, public safety, public works, economic development and assistance, conservation and recreation and general government (legislative and executive and judicial). These services are funded primarily by taxes and intergovernmental revenues including federal and state grants and other shared revenues.

Business-Type Activities - These services are provided on a charge for goods or services basis to recover all or most of the cost of the services provided. The countywide water and sewer operation and the Sheriff web check activity are reported here.

Component Units - The County's financial statements include financial data for the Pickaway County Airport Authority. This component unit is described in the notes to the basic financial statements. The component unit is separate and may buy, sell, lease and mortgage property in its own name and can sue and be sued in its own name.

Fund Financial Statements

Fund financial reports provide detailed information about the County's major funds. The County uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the County's most significant funds. The County's major governmental funds are the General, Auto, License and Gas Tax, Job and Family Services, and Board of Developmental Disabilities.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objective. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into one of three categories: governmental funds, proprietary funds, and fiduciary funds.

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

Pickaway County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

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

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

Proprietary Funds - The County maintains three proprietary funds. It uses enterprise funds to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its Countywide Sewer, Countywide Water and Instant Web Check Funds.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The County's fiduciary funds are private-purpose trust and agency.

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

Pickaway County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

Government-Wide Financial Analysis

You may recall that the statement of net position provides the perspective of the County as a whole. Table 1 provides a summary of the County's net position for 2013 compared to 2012:

Table 1

Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2013	2012	2013	2012	2013	2012
<u>Assets:</u>						
Current and Other Assets	\$34,851,387	\$33,752,120	\$334,165	\$311,563	\$35,185,552	\$34,063,683
Capital Assets, Net	40,709,287	41,839,511	3,819,968	3,380,216	44,529,255	45,219,727
<i>Total Assets</i>	<u>75,560,674</u>	<u>75,591,631</u>	<u>4,154,133</u>	<u>3,691,779</u>	<u>79,714,807</u>	<u>79,283,410</u>
<u>Liabilities:</u>						
Current and Other Liabilities	1,632,452	2,417,317	16,598	112,287	1,649,050	2,529,604
Long-Term Liabilities	4,991,019	5,411,951	3,241,317	2,730,874	8,232,336	8,142,825
<i>Total Liabilities</i>	<u>6,623,471</u>	<u>7,829,268</u>	<u>3,257,915</u>	<u>2,843,161</u>	<u>9,881,386</u>	<u>10,672,429</u>
Deferred Inflows of Resources	<u>5,827,465</u>	<u>5,887,181</u>	<u>0</u>	<u>0</u>	<u>5,827,465</u>	<u>5,887,181</u>
<u>Net Position:</u>						
Net Investments in Capital Assets	39,531,857	40,466,793	578,651	649,342	40,110,508	41,116,135
<i>Restricted For:</i>						
Road and Bridges	2,276,624	2,368,855	0	0	2,276,624	2,368,855
Human Services	340,736	187,498	0	0	340,736	187,498
Developmental Disabilities	14,061,262	12,932,715	0	0	14,061,262	12,932,715
Debt Service	132,878	137,847	0	0	132,878	137,847
Other Purposes	4,396,542	3,408,663	0	0	4,396,542	3,408,663
Unrestricted	<u>2,369,839</u>	<u>2,372,811</u>	<u>317,567</u>	<u>199,276</u>	<u>2,687,406</u>	<u>2,572,087</u>
<i>Total Net Position</i>	<u>\$63,109,738</u>	<u>\$61,875,182</u>	<u>\$896,218</u>	<u>\$848,618</u>	<u>\$64,005,956</u>	<u>\$62,723,800</u>

Governmental current assets increased for the year ended 2013 when compared with 2012. The majority of the increase is due to an increase in the cash and cash equivalents held by the County.

The decrease in capital assets is due to annual depreciation that exceeded additions to capital assets.

The decrease in current liabilities for governmental activities is due mostly to a decrease in accounts payable, accrued wages and contracts payable in 2013.

Net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities and deferred inflows of resources by \$64,005,956 (\$63,109,738 in governmental activities and \$896,218 in business-type activities) at the end of the 2013 year.

Pickaway County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

The County's net position is reflected in three categories: Net investment in capital assets, restricted and unrestricted.

For governmental activities, the County's largest portion of net position relates to net investment in capital assets. This accounts for 62.64 percent of net position. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to pay these liabilities.

The County's smallest portion of net position is unrestricted which accounts for 3.76 percent of net position.

The remaining balance of \$21,208,042 or 33.60 percent is restricted assets. The restricted net position is subject to external restrictions on how they may be used.

Business-type current assets decreased due primarily to a decrease in receivables. Capital assets increased due to ongoing construction in progress that exceeded annual depreciation. Current liabilities for business-type activities decreased primarily as a result of a decrease in contracts payable.

Pickaway County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

Table 2 shows the changes in net position for 2013 compared to 2012.

Table 2
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
<i>Program Revenues:</i>						
Charges for Services	\$4,584,510	\$4,493,322	\$391,912	\$360,946	\$4,976,422	\$4,854,268
Operating Grants & Contributions	13,823,471	10,723,521	0	0	13,823,471	10,723,521
Capital Grants & Contributions	590,963	687,842	0	0	590,963	687,842
<i>Total Program Revenues</i>	<u>18,998,944</u>	<u>15,904,685</u>	<u>391,912</u>	<u>360,946</u>	<u>19,390,856</u>	<u>16,265,631</u>
<i>General Revenues:</i>						
Property Taxes	7,239,549	6,666,776	0	0	7,239,549	6,666,776
Sales Taxes	7,405,987	5,585,523	0	0	7,405,987	5,585,523
Payments in Lieu of Taxes	236,741	516,262	0	0	236,741	516,262
Grants & Entitlements	1,525,460	1,461,672	0	0	1,525,460	1,461,672
Interest	181,281	225,780	0	0	181,281	225,780
Miscellaneous	757,347	445,831	0	23	757,347	445,854
<i>Total General Revenues</i>	<u>17,346,365</u>	<u>14,901,844</u>	<u>0</u>	<u>23</u>	<u>17,346,365</u>	<u>14,901,867</u>
<i>Total Revenues</i>	<u>36,345,309</u>	<u>30,806,529</u>	<u>391,912</u>	<u>360,969</u>	<u>36,737,221</u>	<u>31,167,498</u>
<i>Program Expenses:</i>						
<i>General Government:</i>						
Legislative & Executive	5,457,656	5,634,407	0	0	5,457,656	5,634,407
Judicial	2,250,743	2,346,814	0	0	2,250,743	2,346,814
Public Safety	7,098,133	7,158,238	0	0	7,098,133	7,158,238
Public Works	6,906,930	6,249,013	0	0	6,906,930	6,249,013
Health	5,123,333	4,400,313	0	0	5,123,333	4,400,313
Human Services	5,889,795	5,928,987	0	0	5,889,795	5,928,987
Conservation & Recreation	357,714	319,388	0	0	357,714	319,388
Economic Development & Assistance	1,871,951	837,407	0	0	1,871,951	837,407
Other	2,203	33,071	0	0	2,203	33,071
Interest & Fiscal Charges	152,295	265,873	0	0	152,295	265,873
Countywide Sewer	0	0	314,631	277,737	314,631	277,737
Countywide Water	0	0	607	0	607	0
Instant Web Checks	0	0	29,074	32,530	29,074	32,530
<i>Total Program Expenses</i>	<u>35,110,753</u>	<u>33,173,511</u>	<u>344,312</u>	<u>310,267</u>	<u>35,455,065</u>	<u>33,483,778</u>
<i>Changes in Net Position</i>	1,234,556	(2,366,982)	47,600	50,702	1,282,156	(2,316,280)
Net Position at January 1	<u>61,875,182</u>	<u>64,242,164</u>	<u>848,618</u>	<u>797,916</u>	<u>62,723,800</u>	<u>65,040,080</u>
Net Position at December 31	<u>\$63,109,738</u>	<u>\$61,875,182</u>	<u>\$896,218</u>	<u>\$848,618</u>	<u>\$64,005,956</u>	<u>\$62,723,800</u>

Pickaway County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

Governmental Activities

The most significant program expenses for the County are Public Safety, Public Works, Human Services, Legislative and Executive and Health. These programs account for 85.64 percent of the total governmental activities. Public Safety, which represents 19.94 percent of the total, represents costs mainly associated with the operation of the Sheriff's Department and County Jail. Public Works, which accounts for 19.41 percent of the total, represents costs associated with the operation of the County Engineer in maintaining the County's roads and bridges. Human Services, which accounts for 16.55 percent of the total, represents costs associated with providing services for Workforce Investment Act, child support and enforcement assistance programs, welfare programs for families and individuals. These expenses reflect programs administered by Job and Family Services, Child Support Enforcement Agency and Children Services. Legislative and Executive expenses, which is 15.34 percent of the total, represents costs associated with the general administration of county government including the County Commissioners, Auditor, Treasurer, Prosecutor and Recorder. Health, which accounts for 14.40 percent of the total, primarily represents costs associated with the services provided by the Board of Developmental Disabilities. Funding for the most significant programs indicated above is from charges for services, operating grants, and in some instances property and sales taxes. The Job and Family Services, Child Support Enforcement Agency, Children Services and Clerk of Courts are basically funded with federal and state monies. The operation of the Sheriff's Department and County Jail is funded through General Fund general revenues and per diem charges to house prisoners from other jurisdictions. The Board of Developmental Disabilities is partially funded by a voted property tax levy. The most significant funding sources for the County Engineer are motor vehicle license fees and gasoline taxes.

As noted previously, the net position for the governmental activities increased \$1,234,556 or 1.99 percent. This change is different to last year when net position decreased \$2,366,982 or 3.68 percent. Total revenues increased \$5,538,780 or 17.98 percent from last year and expenses increased \$2,414,063 or 7.28 percent from last year.

Factors in the change in revenues are significant increases in property taxes and sales taxes, which increased \$572,773 or 8.59 percent and \$1,820,464 or 32.59 percent, respectively, the County also received more funding in the form of operating grants and contributions.

Expenses increased 7.28 percent during 2013. Several factors led to this increase. Health increased \$723,020 or 16.43 percent which is due to an increase in Board of Development Disabilities spending. Public Works expenditures increased \$657,917 or 10.53 percent, which is due to an increase in Issue I funding from Ohio Public Works for road construction projects.

Pickaway County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

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

Table 3
 Governmental Activities

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2013	2013	2012	2012
<i>General Government:</i>				
Legislative and Executive	\$5,457,656	\$3,361,328	\$5,634,407	\$3,452,658
Judicial	2,250,743	1,188,319	2,346,814	1,425,117
Public Safety	7,098,133	5,347,624	7,158,238	5,528,308
Public Works	6,906,930	1,058,060	6,249,013	1,769,604
Health	5,123,333	3,223,702	4,400,313	2,778,985
Human Services	5,889,795	843,726	5,928,987	1,114,480
Conservation and Recreation	357,714	357,714	319,388	232,470
Community and Economic Development	1,871,951	576,838	837,407	668,260
Other	2,203	2,203	33,071	33,071
Interest and Fiscal Charges	152,295	152,295	265,873	265,873
Total Expenses	\$35,110,753	\$16,111,809	\$33,173,571	\$17,268,826

Of the \$35,110,753 in total governmental activities expenses, \$18,998,944 or 54.11 percent was covered by direct charges to users of the services and intergovernmental grants. The majority of program revenues are grants, with the remaining portion consisting of fees and charges for services. These charges are for fees charged for real estate transfers, for the collection of property taxes throughout the County, for title fees and for court fees. Public Safety charges for services include items such as fees for boarding prisoners, patrolling subdivisions, and for special details. Health includes charges for services provided to clients of the Board of Developmental Disabilities. For Public Works, the County Engineer has fully funded their operations.

Additional revenues were provided to the governmental activities by the state and federal governments for operations and capital improvements.

Business-Type Activities

This year, net position increased by \$47,600 or 5.6 percent. For 2013, there was an increase in revenues and a increase in expenses, which was the result of increased activity from customers during the year and an increase in contractual services and depreciation expenditures.

Financial Analysis of the County's Funds

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

Pickaway County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

As of the end of the current year, the County's governmental funds reported combined ending fund balances of \$24,713,327. Of this total, \$4,088,785 represents unassigned fund balance, which is available for appropriation at the government's discretion within certain legal constraints and purposes restrictions. The majority amount of the governmental fund balances are restricted in the governmental fund statements, mandated by the source of the resources such as the state or federal government or the local tax levy.

The General Fund is the primary operating fund of the County. At the end of 2013, the unassigned fund balance of the General Fund was \$4,114,110. Unassigned fund balance represents 29.72 percent of expenditures. This is one measurement of the General Fund's liquidity. The fund balance of the General Fund increased by \$568,703, with revenues exceeding expenditures by \$1,174,342.

The Auto, License and Gas Tax Fund balance decreased by \$151,443 which is due to an increase in expenditures. The Job and Family Services Fund balance increased by \$142,964, which is the result of increased intergovernmental revenues. The Board of Developmental Disabilities Fund balance increased by \$1,221,531, which is the result of a decrease in expenditures and increase in property taxes.

Proprietary Fund - The County's significant proprietary fund is the Countywide Sewer Fund, which accounts for the providing of sewer services to several subdivisions. Net position of this proprietary fund at year end was \$897,029, of which \$318,029 was unrestricted, which is an increase of \$46,511 or 5.49 percent.

Budgetary Highlights - General Fund

By state statute, the Board of County Commissioners adopts the annual operating budget for the County. Essentially the budget is the County's appropriations, which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the Ohio Revised Code.

The County had several revisions to the original appropriations approved by the County Commissioners. Overall these changes resulted in an increase in the original appropriations of 5.75 percent or \$751,763, from \$13,076,843 to \$13,828,606, in the General Fund. The majority of the increase occurred in the Public Safety and Legislative and Executive expenditure functions. The County spent 99.18 percent of the amount appropriated in the General Fund during 2013.

The final budgeted revenues were \$13,164,087 representing a decrease of \$40,000 from the original budgeted estimate of \$13,204,087. The final budget reflected a 0.30% decrease from the original budgeted amount. Actual revenues were \$1,186,482 more than the final budgeted amount.

Capital Assets and Debt Administration

Capital Assets

The County's net investment in capital assets for its governmental and business-type activities as of December 31, 2013 amounts to \$40,110,508. This net investment in capital assets includes land and improvements, buildings and improvements, improvements other than buildings, machinery and equipment, furniture and fixtures, vehicles, and infrastructure. For more information regarding the County's capital assets, see Note 8 of the notes to the basic financial statements.

Pickaway County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

Outstanding special assessment bonds at December 31, 2013, totaled \$67,000 with \$9,000 being retired during the year. Special assessment bonds are backed by the full faith and credit of the County. In the event of payment default by the property owners, the County would be responsible for the debt service payments.

General obligation notes outstanding at December 31, 2013 were \$932,000 with \$249,672 being retired during the year. These notes relate to proceeds used to purchase equipment for the County Engineer and reconstruction of roads and sidewalks.

General obligation bonds at December 31, 2013 were \$2,465,615 with 180,000 being retired during the year. These bonds relate to proceeds used to renovate all County buildings with improvements meant for energy savings.

Loans outstanding at December 31, 2013 were \$204,870 from the Ohio Public Works Commission with \$14,642 being retired during 2013; \$141,660 for Clark's Run Ditch with \$32,789 being retired during the year and \$25,091 for Pence Tile Ditch Improvement Project. These loans relate to proceeds used to complete renovations of the Cromley Road Bridge Replacement Project, Clark's Run Ditch project and Pence Tile Ditch Improvement Project.

The County continues to monitor its outstanding debt. Information relative to the County's debt is identified in Notes 9 and 10 of the notes to the basic financial statements.

Economic Factors

The County's budget for the General Fund in 2013 was conservative. Revenues were projected to come in just slightly higher than the amount that was actually received in 2012. Appropriations for 2013 were expected to slightly increase over the actual expenditures for 2012. The ending fund balance for 2013 was expected to remain at the same level as it was at the end of 2012.

Much of the reason for the conservative budget centers on the slowdown in economic growth and uncertainty of the future economic climate. The current unemployment rate in Pickaway County is 7.1% which is still slightly higher than the state and federal rates. The state legislature has continued to reduce the amounts for state based programs including local government and state funded grant programs, which may require more local support in order to maintain the current level of service. Casino revenue received in 2013 may help offset some of the reductions but will not be enough to replace the loss.

A decrease in the amount of interest income earned by the County is projected based on a decline of interest rates by the Federal Reserve, but the County hopes to realize an increase in sales tax revenue. Receipts from the County's 1.5% sales tax, the largest revenue source for the County's general fund has increased in 2013. This increase is more than expected and tends to indicate consumer spending in the County is increasing. Our Economic Development Director and the Pickaway Progress Partnership (formerly CIC) is working hard at marketing Pickaway County with the goal of bringing new business to the County, which would enhance our Sales Tax and Real Estate revenues. Listed are some of those accomplishments.

Aleris: Aleris completed construction of a \$34 million expansion of its plant in northern Pickaway County. The project will improve efficiency of the site resulting in the creation of 68 new full-time positions and the retention of approximately 140 existing employees. P3 helped negotiate and secure a Job Creation Tax Credit from the State of Ohio and Enterprise Zone tax abatement from Harrison Township and the Pickaway County Commissioners that helped support the decision of Aleris to invest at its Pickaway County site versus a competing location in North Carolina.

GE Lighting: The GE Lighting plant in Circleville added a new energy efficient bulb line to the facility. The new bulbs will be sold exclusively through Walmart as part of a new made in America marketing campaign. This project included

Pickaway County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

approximately \$5 million of investment in facilities and machinery upgrades resulting in the retention of the existing workforce and an addition of 50 new employees.

Cargill: Cargill purchased the former Smurfit site in Circleville for a planned expansion of its site to the north. Cargill plans to add rail siding and additional storage capacity that will improve the efficiency of operations and improve safety conditions on the streets of Circleville. The Smurfit site was certified to be clear of any remaining environmental liabilities by the Ohio EPA after two years of remediation and demolition. Cleanup of the site was funded with Clean Ohio and US EPA Brownfield grants secured and administered by P3.

Southern Gateway Business Development Center: Ohio Christian University was awarded a \$2.45 million grant from the Federal Economic Development Administration (EDA) for the construction of a 24,000 square foot business development and innovation center. The Southern Gateway will provide an array of support services and funding to help entrepreneurs develop and grow new businesses in Pickaway County while providing local students unique applied learning opportunities.

Pickaway East-West Connector: This project has been identified as a high priority by numerous groups in the central Ohio region such as MORPC, the Columbus Region Logistics Council, and Columbus 2020. Improving transportation access to the Rickenbacker Global Logistics Park and Norfolk Southern Intermodal areas will help to maximize the tremendous development potential of northern Pickaway County. Construction on the road widening and rail grade separation began in 2013.

Progress Parkway: Construction of the Progress Parkway from Town Street in Circleville to Crites Road was completed. P3 secured a \$200,000 grant from the Ohio Department of Transportation Jobs & Commerce Department to support the extension of the Progress Parkway into the City of Circleville. P3 also helped to negotiate the donated private easements to allow the extension of roadwork and utility infrastructure utilizing Tax Increment Financing revenues generated by the Casto/Walmart development. The Progress Parkway will create new shovel ready sites for development while also improving access to the Healthcare Logistics facility on Town Street.

Pickaway County Trail System: P3 secured close to \$500,000 in grant funding the Ohio Department of Transportation and Ohio Department of Natural Resources Clean Ohio Fund for the construction of the Roundtown Trail. This trail will connect the Pickaway County YMCA with the new Circleville City Schools' campus and Ohio Christian University. The grant funding will be matched with public and private donations from numerous local entities. The Roundtown Trail represents the first step in the development of a county-wide recreational trail system that will enhance the quality of life for local residents and attract visitors to the county.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, request for additional financial information or about obtaining the separately issued financial statements of the County's component unit should be addressed to Melissa A. Betz, Pickaway County Auditor, 207 S. Court Street, Room 1, Circleville, Ohio 43113.

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Pickaway County, Ohio
Statement of Net Position
December 31, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Pickaway County Airport Authority
	Assets:			
Equity in Pooled Cash and Cash Equivalents	\$22,496,559	\$279,485	\$22,776,044	\$244,861
Cash and Cash Equivalents in Segregated Accounts	68,074	0	68,074	0
Materials and Supplies Inventory	304,747	0	304,747	0
Accrued Interest Receivable	23,125	0	23,125	0
Accounts Receivable	27,478	64,419	91,897	870
Loans Receivable	476,821	0	476,821	0
Internal Balance	9,739	(9,739)	0	0
Intergovernmental Receivable	3,692,502	0	3,692,502	0
Sales Taxes Receivable	1,281,141	0	1,281,141	0
Property Taxes Receivable	5,848,967	0	5,848,967	0
Payment in Lieu of Taxes Receivable	476,577	0	476,577	0
Special Assessments Receivable	69,010	0	69,010	0
Prepaid Items	76,647	0	76,647	0
Nondepreciable Capital Assets	731,102	13,964	745,066	218,036
Depreciable Capital Assets, Net	39,978,185	3,806,004	43,784,189	1,597,746
<i>Total Assets</i>	<u>75,560,674</u>	<u>4,154,133</u>	<u>79,714,807</u>	<u>2,061,513</u>
Liabilities:				
Accounts Payable	676,041	8,861	684,902	2,785
Accrued Wages and Benefits	794,532	5,069	799,601	0
Contracts Payable	102,110	0	102,110	0
Intergovernmental Payable	48,612	2,668	51,280	0
Accrued Interest Payable	11,157	0	11,157	0
<i>Long-Term Liabilities:</i>				
Due Within One Year	1,215,266	133,841	1,349,107	0
Due In More Than One Year	3,775,753	3,107,476	6,883,229	0
<i>Total Liabilities</i>	<u>6,623,471</u>	<u>3,257,915</u>	<u>9,881,386</u>	<u>2,785</u>
Deferred Inflows of Resources				
Property Taxes	5,578,370	0	5,578,370	0
Payment in Lieu of Taxes	238,288	0	238,288	0
Unavailable Interest Revenue	10,807	0	10,807	0
Deferred Inflows of Resources	<u>5,827,465</u>	<u>0</u>	<u>5,827,465</u>	<u>0</u>
Net Position:				
Net Investment in Capital Assets	39,531,857	578,651	40,110,508	1,815,782
<i>Restricted for:</i>				
Auto License and Gas Tax	2,276,624	0	2,276,624	0
Human Services	340,736	0	340,736	0
Developmental Disabilities	14,061,262	0	14,061,262	0
Debt Service	132,878	0	132,878	0
Capital Projects	0	0	0	22,377
Other Purposes	4,396,542	0	4,396,542	0
Unrestricted	2,369,839	317,567	2,687,406	220,569
<i>Total Net Position</i>	<u>\$63,109,738</u>	<u>\$896,218</u>	<u>\$64,005,956</u>	<u>\$2,058,728</u>

See accompanying notes to the basic financial statements

Pickaway County, Ohio
Statement of Activities
For the Year Ended December 31, 2013

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
<i>Current:</i>				
<i>General Government:</i>				
Legislative and Executive	\$5,457,656	\$2,072,802	\$23,526	\$0
Judicial	2,250,743	828,604	233,820	0
Public Safety	7,098,133	1,050,176	700,333	0
Public Works	6,906,930	188,333	5,069,574	590,963
Health	5,123,333	256,009	1,643,622	0
Human Services	5,889,795	188,586	4,857,483	0
Conservation and Recreation	357,714	0	0	0
Community and Economic Development	1,871,951	0	1,295,113	0
Other	2,203	0	0	0
Interest and Fiscal Charges	152,295	0	0	0
<i>Total Governmental Activities</i>	<u>35,110,753</u>	<u>4,584,510</u>	<u>13,823,471</u>	<u>590,963</u>
Business-Type Activities:				
Countywide Sewer	314,631	361,142	0	0
Countywide Water	607	0	0	0
Instant Web Checks	29,074	30,770	0	0
<i>Total Business-Type Activities</i>	<u>344,312</u>	<u>391,912</u>	<u>0</u>	<u>0</u>
<i>Total Primary Government</i>	<u>\$35,455,065</u>	<u>\$4,976,422</u>	<u>\$13,823,471</u>	<u>\$590,963</u>
Component Units:				
Pickaway County Airport Authority	\$161,422	\$148,753	\$0	\$40,219
<i>Total Component Units</i>	<u>\$161,422</u>	<u>\$148,753</u>	<u>\$0</u>	<u>\$40,219</u>

General Revenues:

Property Taxes Levied for:

General Purposes

Health

Debt Service

Sales Tax for:

General Purposes

Capital Projects

Payments in Lieu of Taxes

Grants and Entitlements not Restricted to Specific Programs

Investment Earnings

Miscellaneous

Total General Revenues

Changes in Net Position

Net Position at Beginning of Year

Net Position at End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Units
Governmental Activities	Business-Type Activities	Total	Pickaway County Airport Authority
(\$3,361,328)	\$0	(\$3,361,328)	\$0
(1,188,319)	0	(1,188,319)	0
(5,347,624)	0	(5,347,624)	0
(1,058,060)	0	(1,058,060)	0
(3,223,702)	0	(3,223,702)	0
(843,726)	0	(843,726)	0
(357,714)	0	(357,714)	0
(576,838)	0	(576,838)	0
(2,203)	0	(2,203)	0
(152,295)	0	(152,295)	0
<u>(16,111,809)</u>	<u>0</u>	<u>(16,111,809)</u>	<u>0</u>
0	46,511	46,511	0
0	(607)	(607)	0
<u>0</u>	<u>1,696</u>	<u>1,696</u>	<u>0</u>
0	47,600	47,600	0
<u>(16,111,809)</u>	<u>47,600</u>	<u>(16,064,209)</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>27,550</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>27,550</u>
4,031,268	0	4,031,268	0
3,164,313	0	3,164,313	0
43,968	0	43,968	0
6,752,334	0	6,752,334	0
653,653	0	653,653	0
236,741	0	236,741	0
1,525,460	0	1,525,460	0
181,281	0	181,281	0
757,347	0	757,347	1,559
<u>17,346,365</u>	<u>0</u>	<u>17,346,365</u>	<u>1,559</u>
1,234,556	47,600	1,282,156	29,109
<u>61,875,182</u>	<u>848,618</u>	<u>62,723,800</u>	<u>2,029,619</u>
<u>\$63,109,738</u>	<u>\$896,218</u>	<u>\$64,005,956</u>	<u>\$2,058,728</u>

Pickaway County, Ohio

Balance Sheet

Governmental Funds

December 31, 2013

	General	Auto, License and Gas Tax	Job and Family Services	Board of Developmental Disabilities
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$3,366,246	\$726,428	\$155,990	\$13,946,522
Cash and Cash Equivalents In Segregated Accounts	48,506	0	0	0
Materials and Supplies Inventory	45,057	255,594	4,096	0
Accounts Receivable	24,844	2,634	0	0
Loans Receivable	0	0	0	0
Accrued Interest Receivable	23,115	0	0	0
Interfund Receivable	42,890	0	48,516	0
Intergovernmental Receivable	510,511	1,733,064	376,853	219,766
Prepaid Items	34,695	0	21,981	9,625
Sales Taxes Receivable	1,229,896	0	0	0
Property Taxes Receivable	2,531,159	0	0	3,317,808
Payment in Lieu of Taxes Receivable	0	0	0	0
Special Assessments Receivable	0	0	0	0
<i>Total Assets</i>	<u>\$7,856,919</u>	<u>\$2,717,720</u>	<u>\$607,436</u>	<u>\$17,493,721</u>
Liabilities:				
Accounts Payable	\$291,472	\$164,950	\$14,520	\$111,609
Accrued Wages and Benefits	441,056	90,728	104,127	87,541
Contracts Payable	0	3,074	0	0
Intergovernmental Payable	28,883	0	7,124	1,807
Interfund Payable	2,150	0	0	60
<i>Total Liabilities</i>	<u>763,561</u>	<u>258,752</u>	<u>125,771</u>	<u>201,017</u>
Deferred Inflows of Resources:				
Property Taxes	2,531,159	0	0	3,317,808
Payment in Lieu of Taxes	0	0	0	0
Special Assessments	0	0	0	0
Unavailable Grants Revenue	337,093	1,232,974	0	219,441
Unavailable Interest Revenue	10,807	0	0	0
<i>Total Deferred Inflows of Resources</i>	<u>2,879,059</u>	<u>1,232,974</u>	<u>0</u>	<u>3,537,249</u>
Fund Balances:				
Nonspendable	100,189	255,594	26,077	9,625
Restricted	0	970,400	455,588	13,745,830
Committed	0	0	0	0
Assigned	0	0	0	0
Unassigned	4,114,110	0	0	0
<i>Total Fund Balances (Deficit)</i>	<u>4,214,299</u>	<u>1,225,994</u>	<u>481,665</u>	<u>13,755,455</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$7,856,919</u>	<u>\$2,717,720</u>	<u>\$607,436</u>	<u>\$17,493,721</u>

See accompanying notes to the basic financial statements

Pickaway County, Ohio
*Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
December 31, 2013*

Other Governmental Funds	Total Governmental Funds		
\$4,301,373	\$22,496,559	Total Governmental Funds Balances	\$24,713,327
19,568	68,074	<i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
0	304,747	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	40,709,287
0	27,478		
476,821	476,821	Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds:	
10	23,125	Property Taxes	270,597
0	91,406	Payments in Lieu of Taxes	238,289
852,308	3,692,502	Special Assessments	69,010
10,346	76,647	Intergovernmental Revenue	2,111,404
51,245	1,281,141	Total	2,689,300
0	5,848,967		
476,577	476,577	In the statement of activities, interest is accrued on outstanding debt, whereas in the governmental funds an interest expenditure is reported when due.	(11,157)
69,010	69,010	Long-term liabilities, including notes payable, are not due and reported in the funds:	
\$6,257,258	\$34,933,054	General Obligation Notes	(932,000)
		General Obligation Bonds	(2,465,615)
		Loans Payable	(166,751)
		OPWC Loans Payable	(204,870)
		Special Assessment Bonds	(67,000)
		Capital Leases Payable	(40,560)
		Compensated Absences	(1,114,223)
		Total	(4,991,019)
		Net Position of Governmental Activities	\$63,109,738
93,490	\$676,041		
71,080	794,532		
99,036	102,110		
10,798	48,612		
79,457	81,667		
353,861	1,702,962		
0	5,848,967		
476,577	476,577		
69,010	69,010		
321,896	2,111,404		
0	10,807		
867,483	8,516,765		
487,167	878,652		
3,112,330	18,284,148		
1,446,904	1,446,904		
14,838	14,838		
(25,325)	4,088,785		
5,035,914	24,713,327		
\$6,257,258	\$34,933,054		

Pickaway County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2013

	General	Auto, License and Gas Tax	Job and Family Services	Board of Developmental Disabilities
Revenues:				
Property Taxes	\$3,170,693	\$0	\$0	\$4,156,099
Sales Tax	6,752,334	0	0	0
Payments in Lieu of Taxes	0	0	0	0
Special Assessments	0	0	0	0
Charges for Services	2,743,383	91,889	0	160,192
Licenses and Permits	47,160	0	0	0
Fines and Forfeitures	125,188	171	0	0
Intergovernmental	1,641,804	5,137,322	3,067,306	1,639,704
Interest	173,509	5,690	0	0
Rent	72,430	0	0	0
Other	292,304	2,634	103,446	114,158
<i>Total Revenues</i>	<u>15,018,805</u>	<u>5,237,706</u>	<u>3,170,752</u>	<u>6,070,153</u>
Expenditures:				
<i>Current:</i>				
<i>General Government:</i>				
Legislative and Executive	4,558,916	0	0	0
Judicial	1,853,356	0	0	0
Public Safety	6,143,631	0	0	0
Public Works	102,359	5,288,540	0	0
Health	103,757	0	0	4,848,622
Human Services	706,173	0	3,024,326	0
Conservation and Recreation	354,577	0	0	0
Community and Economic Development	0	0	0	0
Other	2,203	0	0	0
Capital Outlay	0	0	0	0
<i>Debt Service:</i>				
Principal Retirement	17,674	14,642	3,412	0
Interest and Fiscal Charges	1,817	0	50	0
<i>Total Expenditures</i>	<u>13,844,463</u>	<u>5,303,182</u>	<u>3,027,788</u>	<u>4,848,622</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,174,342</u>	<u>(65,476)</u>	<u>142,964</u>	<u>1,221,531</u>
Other Financing Sources (Uses):				
Inception of Capital Lease	10,652	0	0	0
Transfers In	0	0	0	0
Notes Issued	0	0	0	0
Transfers Out	(616,291)	(85,967)	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(605,639)</u>	<u>(85,967)</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	568,703	(151,443)	142,964	1,221,531
<i>Fund Balances at Beginning of Year</i>	<u>3,645,596</u>	<u>1,377,437</u>	<u>338,701</u>	<u>12,533,924</u>
<i>Fund Balances at End of Year</i>	<u>\$4,214,299</u>	<u>\$1,225,994</u>	<u>\$481,665</u>	<u>\$13,755,455</u>

See accompanying notes to the basic financial statements

Pickaway County, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2013*

All Other Governmental Funds	Total Governmental Funds		
		Net Change in Fund Balances - Total Governmental Funds	\$2,121,713
		<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
		Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period:	
\$52,968	\$7,379,760	Capital Asset Additions	1,591,826
653,653	7,405,987	Depreciation	<u>(2,672,515)</u>
289,286	289,286		
66,492	66,492		
1,057,915	4,053,379		
0	47,160		
219,690	345,049		
4,439,175	15,925,311		
2,082	181,281		
0	72,430		
244,805	757,347		
<u>7,026,066</u>	<u>36,523,482</u>		
		Total	(1,080,689)
		Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.	(49,535)
		Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
461,929	5,020,845	Property Taxes	(131,211)
370,214	2,223,570	Payments in Lieu of Taxes	(52,545)
692,339	6,835,970	Special Assessments	(9,000)
826,947	6,217,846	Intergovernmental Revenue	<u>14,583</u>
121,574	5,073,953		
2,119,083	5,849,582		
0	354,577		
1,871,951	1,871,951		
0	2,203		
424,826	424,826		
480,767	516,495		
150,736	152,603		
<u>7,520,366</u>	<u>34,544,421</u>		
(494,300)	1,979,061		
		Total	(178,173)
		Repayment of principal of long-term liabilities (e.g. bonds, notes, leases) is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	516,495
		Other financing sources in the governmental funds that increase long- revenues in the statement of activities:	
		Inception of Capital Leases	(10,652)
		Proceeds of Notes Issued	<u>(132,000)</u>
		Total	(142,652)
		In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	308
		Some expense reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:	
0	10,652	Compensated Absences	45,368
702,258	702,258	Capital Leases Traded In	<u>1,721</u>
132,000	132,000		
0	(702,258)		
834,258	142,652		
339,958	2,121,713		
4,695,956	22,591,614		
<u>\$5,035,914</u>	<u>\$24,713,327</u>		
		Total	47,089
		<i>Changes in Net Position of Governmental Activities</i>	<u>\$1,234,556</u>

Pickaway County, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property Taxes	\$2,922,854	\$2,914,000	\$3,170,693	\$256,693
Sales Tax	6,218,839	6,200,000	6,583,098	383,098
Charges for Services	2,046,234	2,040,035	2,375,945	335,910
Licenses and Permits	52,660	52,500	47,160	(5,340)
Fines and Forfeitures	143,234	142,800	154,178	11,378
Intergovernmental	1,398,990	1,394,752	1,541,699	146,947
Interest	208,131	207,500	175,864	(31,636)
Rent	60,182	60,000	72,430	12,430
Other	152,963	152,500	229,502	77,002
<i>Total Revenues</i>	<u>13,204,087</u>	<u>13,164,087</u>	<u>14,350,569</u>	<u>1,186,482</u>
Expenditures:				
<i>Current:</i>				
<i>General Government:</i>				
Legislative and Executive	4,240,547	4,702,293	4,633,137	69,156
Judicial	1,732,134	1,777,207	1,668,401	108,806
Public Safety	5,747,259	5,977,228	5,920,456	56,772
Public Works	95,905	103,445	102,739	706
Health	118,200	125,635	96,233	29,402
Human Services	783,221	783,221	696,148	87,073
Conservation and Recreation	354,577	354,577	354,577	0
Other	5,000	5,000	0	5,000
<i>Total Expenditures</i>	<u>13,076,843</u>	<u>13,828,606</u>	<u>13,471,691</u>	<u>356,915</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>127,244</u>	<u>(664,519)</u>	<u>878,878</u>	<u>1,543,397</u>
Other Financing Sources (Uses):				
Advances In	0	40,000	579,851	539,851
Advances Out	0	(271,187)	(519,802)	(248,615)
Transfers In	0	0	6,036	6,036
Transfers Out	(540,953)	(628,261)	(616,291)	11,970
<i>Total Other Financing Sources (Uses)</i>	<u>(540,953)</u>	<u>(859,448)</u>	<u>(550,206)</u>	<u>309,242</u>
<i>Net Change in Fund Balance</i>	(413,709)	(1,523,967)	328,672	1,852,639
<i>Fund Balance at Beginning of Year</i>	<u>2,520,447</u>	<u>2,520,447</u>	<u>2,520,447</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$2,106,738</u></u>	<u><u>\$996,480</u></u>	<u><u>\$2,849,119</u></u>	<u><u>\$1,852,639</u></u>

See accompanying notes to the basic financial statements

Pickaway County, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Auto, License and Gas Tax Fund
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for Services	\$65,000	\$65,000	\$91,868	\$26,868
Fines and Forfeitures	450	450	171	(279)
Intergovernmental	3,960,000	5,203,000	5,231,855	28,855
Interest	10,000	10,000	5,690	(4,310)
<i>Total Revenues</i>	<u>4,035,450</u>	<u>5,278,450</u>	<u>5,329,584</u>	<u>51,134</u>
Expenditures:				
<i>Current:</i>				
Public Works	3,828,045	5,435,090	5,201,670	233,420
<i>Debt Service:</i>				
Principal Retirements	12,805	14,642	14,642	0
<i>Total Expenditures</i>	<u>3,840,850</u>	<u>5,449,732</u>	<u>5,216,312</u>	<u>233,420</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	194,600	(171,282)	113,272	284,554
Other Financing Sources (Uses):				
Transfers Out	(52,000)	(86,040)	(85,967)	73
<i>Total Other Financing Sources (Uses)</i>	<u>(52,000)</u>	<u>(86,040)</u>	<u>(85,967)</u>	<u>73</u>
<i>Net Change in Fund Balance</i>	142,600	(257,322)	27,305	284,627
<i>Fund Balance at Beginning of Year</i>	483,392	483,392	483,392	0
<i>Prior Year Encumbrances Appropriated</i>	192,145	192,145	192,145	0
<i>Fund Balance at End of Year</i>	<u>\$818,137</u>	<u>\$418,215</u>	<u>\$702,842</u>	<u>\$284,627</u>

See accompanying notes to the basic financial statements

Pickaway County, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Job and Family Services Fund
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$3,005,484	\$3,005,484	\$2,963,789	(\$41,695)
Other	99,573	99,573	103,473	3,900
<i>Total Revenues</i>	<u>3,105,057</u>	<u>3,105,057</u>	<u>3,067,262</u>	<u>(37,795)</u>
Expenditures:				
<i>Current:</i>				
Human Services	3,105,057	3,195,057	3,008,733	186,324
<i>Total Expenditures</i>	<u>3,105,057</u>	<u>3,195,057</u>	<u>3,008,733</u>	<u>186,324</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	0	(90,000)	58,529	148,529
<i>Fund Balance at Beginning of Year</i>	<u>97,463</u>	<u>97,463</u>	<u>97,463</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$97,463</u>	<u>\$7,463</u>	<u>\$155,992</u>	<u>\$148,529</u>

See accompanying notes to the basic financial statements

Pickaway County, Ohio
*Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Board of Developmental Disabilities Fund
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$3,942,700	\$3,942,700	\$4,156,099	\$213,399
Charges for Services	155,000	155,000	160,192	5,192
Intergovernmental	1,421,500	1,421,500	1,675,350	253,850
Other	34,000	34,000	114,158	80,158
<i>Total Revenues</i>	<u>5,553,200</u>	<u>5,553,200</u>	<u>6,105,799</u>	<u>552,599</u>
Expenditures:				
<i>Current:</i>				
Health	6,649,500	6,727,930	4,878,955	1,848,975
<i>Total Expenditures</i>	<u>6,649,500</u>	<u>6,727,930</u>	<u>4,878,955</u>	<u>1,848,975</u>
<i>Excess of Revenues Over Expenditures</i>	(1,096,300)	(1,174,730)	1,226,844	2,401,574
<i>Fund Balance Beginning of Year</i>	<u>12,719,678</u>	<u>12,719,678</u>	<u>12,719,678</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$11,623,378</u>	<u>\$11,544,948</u>	<u>\$13,946,522</u>	<u>\$2,401,574</u>

See accompanying notes to the basic financial statements

Pickaway County, Ohio
Statement of Fund Net Position
Proprietary Funds
December 31, 2013

	Business-Type Activities		
	Countywide Sewer	Other Enterprise Funds	Total
Assets:			
<i>Current Assets:</i>			
Equity in Pooled Cash and Cash Equivalents	\$269,493	\$9,992	\$279,485
Accounts Receivable	64,419	0	64,419
Interfund Receivable	1,970	0	1,970
<i>Total Current Assets</i>	<u>335,882</u>	<u>9,992</u>	<u>345,874</u>
<i>Noncurrent Assets:</i>			
Nondepreciable Capital Assets	13,964	0	13,964
Depreciable Capital Assets, Net	3,806,004	0	3,806,004
<i>Total Noncurrent Assets</i>	<u>3,819,968</u>	<u>0</u>	<u>3,819,968</u>
<i>Total Assets</i>	<u>4,155,850</u>	<u>9,992</u>	<u>4,165,842</u>
Liabilities:			
<i>Current Liabilities:</i>			
Accounts Payable	8,861	0	8,861
Accrued Wages and Benefits	5,069	0	5,069
Intergovernmental Payable	1,100	1,568	2,668
Interfund Payable	2,474	9,235	11,709
OPWC Loans Payable	28,255	0	28,255
OWDA Loans Payable	105,586	0	105,586
<i>Total Current Liabilities</i>	<u>151,345</u>	<u>10,803</u>	<u>162,148</u>
<i>Long-Term Liabilities:</i>			
OPWC Loans Payable	435,281	0	435,281
OWDA Loans Payable	2,672,195	0	2,672,195
<i>Total Long-Term Liabilities</i>	<u>3,107,476</u>	<u>0</u>	<u>3,107,476</u>
<i>Total Liabilities</i>	<u>3,258,821</u>	<u>10,803</u>	<u>3,269,624</u>
Net Position:			
Net Investment in Capital Assets	578,651	0	578,651
Unrestricted	318,378	(811)	317,567
<i>Total Net Position</i>	<u>\$897,029</u>	<u>(\$811)</u>	<u>\$896,218</u>

See accompanying notes to the basic financial statements

Pickaway County, Ohio
*Statement of Revenues,
Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2013*

	Business - Type Activities		
	Countywide Sewer	Other Enterprise Funds	Total
Operating Revenues:			
Charges for Services	\$361,142	\$30,770	\$391,912
<i>Total Operating Revenues</i>	<u>361,142</u>	<u>30,770</u>	<u>391,912</u>
Operating Expenses:			
Personal Services	69,574	525	70,099
Fringe Benefits	11,889	82	11,971
Contractual Services	170,421	19,266	189,687
Materials and Supplies	3,608	1,200	4,808
Depreciation	58,280	0	58,280
Other	859	8,608	9,467
<i>Total Operating Expenses</i>	<u>314,631</u>	<u>29,681</u>	<u>344,312</u>
<i>Change in Net Position</i>	46,511	1,089	47,600
<i>Net Position at Beginning of Year</i>	<u>850,518</u>	<u>(1,900)</u>	<u>848,618</u>
<i>Net Position at End of Year</i>	<u>\$897,029</u>	<u>(\$811)</u>	<u>\$896,218</u>

See accompanying notes to the basic financial statements

Pickaway County, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2013

	Business - Type Activities		
	Countywide Sewer	Other Enterprise Funds	Total
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities:			
Cash Received from Customers	\$375,664	\$30,770	\$406,434
Cash Payments to Employees for Services and Benefits	(80,905)	(607)	(81,512)
Cash Payments for Goods and Services	(3,608)	(1,200)	(4,808)
Cash Payments for Contract Services	(265,218)	(23,108)	(288,326)
Cash Payments for Other Expenses	(859)	(8,608)	(9,467)
<i>Net Cash from Operating Activities</i>	<u>25,074</u>	<u>(2,753)</u>	<u>22,321</u>
Cash Flows from Noncapital Financing Activities:			
Advances In	2,474	2,559	5,033
<i>Net Cash from Noncapital Financing Activities</i>	<u>2,474</u>	<u>2,559</u>	<u>5,033</u>
Cash Flows from Capital and Related Financing Activities:			
Cash Proceeds Received from OPWC Loans	247,664	0	247,664
Cash Proceeds Received from OWDA Loans	339,701	0	339,701
Principal Paid on Notes and Loans	(76,922)	0	(76,922)
Payments for Acquisition of Capital Assets	(498,032)	0	(498,032)
<i>Net Cash from Capital and Related Financing Activities</i>	<u>12,411</u>	<u>0</u>	<u>12,411</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	39,959	(194)	39,765
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>229,534</u>	<u>10,186</u>	<u>239,720</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u>\$269,493</u>	<u>\$9,992</u>	<u>\$279,485</u>

See accompanying notes to the basic financial statements.

(Continued)

Pickaway County, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2013
(continued)

	Business - Type Activities		
	Countywide Sewer	Other Enterprise Funds	Total
Reconciliation of Operating Income to Net Cash from Operating Activities			
Operating Income	\$46,511	\$1,089	\$47,600
<i>Adjustments:</i>			
Depreciation	58,280	0	58,280
<i>(Increase) Decrease in Assets:</i>			
Accounts Receivable	(10,719)	0	(10,719)
Intergovernmental Receivable	27,211	0	27,211
Interfund Receivable	(1,970)	0	(1,970)
<i>Increase (Decrease) in Liabilities:</i>			
Accounts Payable	5,344	0	5,344
Contracts Payable	(85,813)	0	(85,813)
Accrued Wages and Benefits	558	0	558
Intergovernmental Payable	(13,868)	(1,910)	(15,778)
Interfund Payable	(460)	(1,932)	(2,392)
<i>Net Cash from Operating Activities</i>	<u>\$25,074</u>	<u>(\$2,753)</u>	<u>\$22,321</u>

See accompanying notes to the basic financial statements

Pickaway County, Ohio
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2013

	Private Purpose Trust	Agency
Assets:		
Equity in Pooled Cash and Cash Equivalents	\$1,194	\$3,914,926
Cash and Cash Equivalents in Segregated Accounts	0	888,780
Accounts Receivable	0	20,486
Intergovernmental Receivable	0	3,792,514
Property Taxes Receivable	0	44,560,334
<i>Total Assets</i>	<u>1,194</u>	<u>\$53,177,040</u>
Liabilities:		
Accounts Payable	0	7,199
Accrued Wages and Benefits	0	43,804
Intergovernmental Payable	0	52,010,239
Compensated Absences Payable	0	50,759
Deposits Held and Due To Others	0	991,242
Undistributed Monies	0	73,797
<i>Total Liabilities</i>	<u>0</u>	<u>\$53,177,040</u>
Net Position:		
Held in Trust for Other Individuals and Organizations	<u>1,194</u>	
<i>Total Net Position</i>	<u>\$1,194</u>	

See accompanying notes to the basic financial statements

Pickaway County, Ohio
Statement of Changes in Fund Net Position
Fiduciary Fund
For the Year Ended December 31, 2013

	Private Purpose Trust
Additions	\$0
Deductions	
Miscellaneous	0
<i>Change in Net Position</i>	0
<i>Net Position at Beginning of Year</i>	1,194
<i>Net Position at End of Year</i>	\$1,194

See accompanying notes to the basic financial statements

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Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

NOTE 1 - DESCRIPTION OF PICKAWAY COUNTY AND REPORTING ENTITY

Pickaway County, Ohio (the County), was created in 1810. The County is governed by a board of three Commissioners elected by the voters of the County. Other officials elected by the voters of the County that manage various segments of the County's operations are the County Auditor, County Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, Probate Court Judge and a Common Pleas Court Judge. Although the elected officials manage the internal operations of their respective departments, the County Commissioners authorize expenditures as well as serve as the budget and taxing authority, contracting body and the chief administrators of public services for the entire County.

Reporting Entity

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

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

Discretely Presented Component Unit

The component unit column in the basic financial statements identifies the financial data of the County's component unit, Pickaway County Airport Authority. The Authority is reported separately to emphasize that it is legally separate from the County.

Pickaway County Airport Authority - Pickaway County Airport Authority (the Authority) operates on a fiscal year ending December 31. The five member Board for the Authority is appointed by the County Commissioners. The Commissioners also review the budget and have the ability to impose its will on the Authority. Pickaway County provides utilities and insurance for the Authority. During 2013, the County made no financial contributions either to or on behalf of the Authority. Financial information is included in the accompanying financial statements.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

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

The County is associated with certain organizations that are defined as jointly governed organizations or related organizations. These organizations are presented in Notes 20 and 21 to the basic financial statements. These organizations are:

- Berger Hospital
- Paint Valley Mental Health Alcohol and Drug Addiction Board
- Ross, Pickaway, Highland, Fayette Joint Solid Waste Management District
- County Risk Sharing Authority (CORSA)
- Southern Ohio Council of Governments
- Pickaway County Park District
- Pickaway County District Public Library

As the custodian of public funds, the County Treasurer invests all public monies held on deposit in the County treasury. In the case of the districts listed below, the County serves as fiscal agent, but the districts are not fiscally dependent on the County. Accordingly, the activity of the following districts is presented as agency funds within the County's financial statements.

- Pickaway County Family and Children First Council
- Soil and Water Conservation District
- Pickaway County Health District
- Pickaway County Park District

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the County's accounting policies are described below.

A. Basis of Presentation

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

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government and component units, except for fiduciary funds. The statements distinguish between those activities of the County that are governmental and those that are considered business-type activities.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

Fund Financial Statements - During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. 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. There are three categories of funds: governmental, proprietary and fiduciary.

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

General Fund - This fund 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.

Auto, License and Gas Tax Fund - This fund accounts for the County road and bridge maintenance, repair and improvement programs. Revenue sources include State grants, charges for services and license fees.

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

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

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

Proprietary Funds - Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service. The County has no internal service fund.

Countywide Sewer Fund - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Countywide Sewer Fund accounts for sewer services provided to individual users in several subdivisions of the County.

The Countywide Water Fund accounts for water services provided to individual users in subdivisions of the County. The Sheriff web check fund accounts for criminal background check services completed by the Sheriff's office for area businesses and governments.

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

The County's fiduciary funds are a private-purpose trust fund and agency funds. The County's private-purpose trust fund is established to account for assets that are used by the Juvenile Court for the benefit of the children of the County. The County's agency funds account for assets held for political subdivisions in which the County acts as fiscal agent and for taxes, state-levied shared revenues, and fines and forfeitures that have been collected and which will be distributed to other political subdivisions.

C. Measurement Focus

Government-Wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the County are included on the statement of net position.

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

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

The private-purpose trust fund is reported using the economic resources measurement focus.

D. Basis of Accounting

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

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

Non-exchange transactions, in which the County receives value without directly giving equal value in return, include sales taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 12). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the County must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, revenue sources considered to be both measurable and available at year-end include delinquent property taxes, sales taxes, charges for services and fees, fines and forfeitures, state-levied locally shared taxes (including motor vehicle license fees and gasoline taxes), and grants.

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

E. Budgetary Process

All funds, except Jail Commissary (non-major special revenue), Law Enforcement - Prosecutor (non-major special revenue) and fiduciary funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the County Commissioners may appropriate. The appropriations resolution is the County Commissioners' authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the County Commissioners. The level of control has been established by County Commissioners at the object level within each department. Advances between funds are not required to be budgeted.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the County Auditor. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts when the original certificate of estimated resources was adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during 2013. The County does not include advances between funds in the certificate of estimated resources.

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

F. Cash, Cash Equivalents, and Investments

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

Cash and cash equivalents that are held separately with the departments of the County, and not included in the County Treasury, are recorded as "cash and cash equivalents in segregated accounts".

During 2013, investments were limited to STAR Ohio, U.S. Government Securities, certificates of deposits, and other interest bearing accounts with local commercial banks.

Investments are reported at fair value, except for nonnegotiable certificates of deposit which are reported at cost. Fair value is based on quoted market prices. 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 share price which is the price the investment could be sold for on December 31, 2013.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Under existing Ohio statutes all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the General Fund during 2013 amounted to \$173,509 which includes \$151,918 assigned from other County funds.

G. Inventory

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of governmental funds are stated at cost. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure in the governmental funds when used.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2013, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

I. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The County maintains a capitalization threshold of five thousand dollars. The County's infrastructure consists of roads, bridges, culverts and sanitary sewer lines. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of enterprise fund capital assets is also capitalized.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

All capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the County's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings	40-150 years	N/A
Improvements Other Than Buildings	40-150 years	N/A
Machinery and Equipment	3-25 years	N/A
Furniture and Fixtures	10-30 years	N/A
Vehicles	3-15 years	N/A
Plant and Facilities	N/A	40-150 years
Infrastructure	10-60 years	70 years

J. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balance. As of December 31, 2013, there was \$9,739 of internal balances reported on the statement of net position.

K. Compensated Absences

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

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

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

The entire compensated absence liability is reported on the government-wide financial statements.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. In enterprise funds, the entire amount of compensated absences is reported as a fund liability.

L. Accrued Liabilities and Long-term Obligations

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

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

M. Fund Balance Reserves

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. Fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent because they are either not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because either (a) constraints imposed by law through constitutional provisions, charter requirements or enabling legislation; or (b) constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments.

Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the County Commissioners. Those committed amounts cannot be used for any other purpose unless the County Commissioners removes the specified use by taking the same type of action as when imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – amounts constrained by the County's "intent" to be used for specific purposes, but are neither restricted nor committed. The County Commissioners have the authority to assign amount to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned – this is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, the County considers restricted funds to have been spent first. When expenditures are incurred for which committed, assigned or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Commissioners have provided otherwise in their commitment or assignment actions.

N. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The County's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

O. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the County, these revenues are charges for services for sewer services and charges for background checks. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. Revenues and expenses not meeting these definitions are reported as nonoperating.

P. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

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

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the County and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2013.

R. Estimates

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

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

While the County is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budget basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The statement of revenues, expenditures and changes in fund balance - budget and actual (budget basis) is presented for the General Fund and major special revenue funds on the budget basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and modified accrual GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance.
4. Proceeds from and principal payments on short-term note obligations are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP and budget basis statements for the General Fund and major special revenue funds:

**Net Change in Fund Balances (Deficits) / Excess of Revenues and
Other Sources Over (Under) Expenditures and Other Uses**

	General	Auto, License and Gas Tax	Job and Family Services	Board of Developmental Disabilities
GAAP Basis	\$568,703	(\$151,443)	\$142,964	\$1,221,531
<i>Adjustments:</i>				
Net Adjustment for Revenue Accruals	(190,411)	91,878	(103,490)	35,646
Net Adjustment for Expenditure Accruals	(83,359)	86,870	19,055	(30,333)
Net Adjustment for Other Sources (Uses)	49,397	0	0	0
<i>Perspective Difference:</i>				
Activity of Funds Reclassified For GAAP Reporting Purposes	(15,658)	0	0	0
Budget Basis	\$328,672	\$27,305	\$58,529	\$1,226,844

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

NOTE 4 – NEW GASB PRONOUNCEMENTS AND PRIOR PERIOD ADJUSTMENTS

For 2013, the County implemented Governmental Accounting Standard Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus – An amendment of GASB Statements No. 14 and No. 34 and GASB Statements No. 66, “Technical Corrections – 2012 – An Amendment of GASB Statement No. 10 and 62.”* The implementation of GASB Statements No. 61 and 66 had no effect on the financial statements.

Statement No. 61 is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements.

Statement No. 66 resolves conflicting guidance that resulted from the issuance of two pronouncements, statements No.54, *Fund Balance Reporting and Government Fund Type Definitions*, No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

This Statement amends Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provisions that limits fund-based reporting of an entity’s risk financing activities to the general fund and the internal service fund type. As a result, governments should base their decisions about fund type classification on the nature of the activity to be reported, as required in Statement No. 54 and Statement No. 34, *Basic Financial Statements- and Management’s Discussion and Analysis- for State and Local Governments*.

This Statement also amends Statement 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes clarify how to apply Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, and result in guidance that is consistent with the requirements in Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, respectively.

In 2013, the County removed intergovernmental receivable amount from the 2012 ledgers as these receipts were also recorded as an accounts receivable in 2012, which resulted in the following prior period adjustments:

	Business-Type Activities	Sewer Fund
	<u> </u>	<u> </u>
Net Position, December 31, 2012	\$875,829	\$877,729
Restatement of Intergovernmental Receivables	<u>(27,211)</u>	<u>(27,211)</u>
Adjusted Net Position, December 31, 2012	<u><u>\$848,618</u></u>	<u><u>\$850,518</u></u>

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

NOTE 5 - CASH, DEPOSITS AND INVESTMENTS

Monies held in the County Treasury are pooled for the purpose of investment management. The County is authorized to invest in those instruments identified in section 135.35 of the Ohio Revised Code. Specifically, these authorized instruments consist of:

1. United States treasury notes, bills, bonds or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States, or any book entry, zero-coupon security that is a direct obligation of the United States.
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities.
3. Written repurchase agreements in the securities listed above provide that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to fair value daily, and that the term of the agreement must not exceed thirty days.
4. Bond 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 investment in securities described in this division are made only through eligible institutions.
7. The State Treasurer's investment pool (STAROhio).
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2) or cash or both securities and cash, equal value for equal value.
9. Up to 25 percent of the County's total average portfolio in either (a) high grade commercial paper when the aggregate value of the notes does not exceed 10 percent of the aggregate value of the outstanding commercial paper of the issuing corporation, and the notes mature no later than 270 days after purchase or (b) bankers acceptances of banks insured by the FDIC when the obligations are eligible for purchase by the Federal Reserve System and mature no later than 180 days after purchase.
10. Up to 15 percent of the County's total average portfolio in high grade notes issued by the U.S. corporations, and the notes mature no later than two years after purchase.
11. High grade debt interests issued by foreign nations diplomatically recognized by the U.S. government. All interest and principal shall be denominated and payable in U.S. Funds. In the aggregate, this investment shall not exceed 1 percent of the County's total average portfolio and shall mature no later than five years after purchase.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

NOTE 5 - CASH, DEPOSITS AND INVESTMENTS - (Continued)

Investments in stripped principal or interest obligations, except for federally issued or federally guaranteed 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 will be held to maturity. Investments may only be made through specific 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.

Public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation (FDIC), or may pledge a pool of government securities valued at least 105% of the total value of public funds on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the County's name. During the year 2013, the County complied with the provisions of these statutes.

The amounts available for deposit and investment are as follows:

Cash and Cash Equivalents: (carrying amounts)	
- Pooled	\$26,692,164
- Segregated	956,854
- Component Unit	244,861
Reconciling items (net) to arrive at bank balances	<u>1,231,220</u>
Total available for deposits and investments (Bank balance of deposit/carrying amount of investments)	<u><u>\$29,125,099</u></u>

The following information is presented in accordance with GASB Statement No. 40, "Deposit and Investment Risk Disclosures." Additional disclosures for the component units are presented in Note 19.

Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the County's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the County.

As of December 31, 2013, the carrying amount of all County deposits was \$16,673,296. Based on the criteria described in GASB Statement No. 40, \$16,878,399 of the County's bank balance of \$17,899,299 was exposed to custodial risk as discussed above while \$1,020,900 was covered by FDIC. The \$16,878,399 exposed to custodial risk was uninsured, and collateral was held by pledging banks trust department but not in the County's name.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

NOTE 5 - CASH, DEPOSITS AND INVESTMENTS - (Continued)

Custodial Credit Risk - The County's policy requires that deposits follow the Ohio Revised Code.

Investments

As of December 31, 2013 the County had the following investments and maturities:

Investment Type	Fair Value	Investment In Maturities in Years		
		Less Than One Year	1-2 Years	3-5 Years
U.S. Government Securities	\$11,225,549	\$751,668	\$7,993,679	\$2,480,202
STAROhio	251	251	0	0
Total Investments	<u>\$11,225,800</u>	<u>\$751,919</u>	<u>\$7,993,679</u>	<u>\$2,480,202</u>

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the County limits investment portfolio matures to five years or less.

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County limits its investments to those authorized by State statute. Standard and Poor's has assigned a rating of "AAAm" to STAROhio and "AA+" to U.S. Government Securities.

Custodial Credit Risk - For investments, custodial credit risk is the risk that, in event of the failure of the counter party, the County will not be able to recover the value of its investments or collateral securities in the possession of an outside party. The County's policy provides that investments be held in the County's name. All of the County's investments are held in the County's name.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County's policy minimizes concentration of credit risk by diversifying assets by issuer as necessary. The County's investments in U.S. Government Securities and the STAROhio account were 99.9% and 0.1%, respectively, of the County's total investments.

Component Unit

Deposits and Investments

Cash and cash equivalents held by Pickaway County Airport Authority are classified as "cash and cash equivalents."

At year end, the carrying amount of the Pickaway County Airport Authority deposits was \$244,861 and the bank balance was \$244,861. The \$241,861 bank balance was covered by federal depository insurance.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

NOTE 6 - INTERFUND TRANSACTIONS

Interfund balances at December 31, 2013, consist of the following receivables and payables:

	Interfund Receivables	Interfund Payable
	<u> </u>	<u> </u>
General	\$42,890	\$2,150
Job and Family Services	48,516	0
Board of Developmental Disabilities	0	60
Countywide Sewer	1,970	2,474
Nonmajor Special Revenue Funds	0	79,457
Nonmajor Enterprise Funds	0	9,235
Totals	<u>\$93,376</u>	<u>\$93,376</u>

All balances are scheduled to be collected in the subsequent year. All balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

A summary of interfund transfers for 2013 were as follows:

	Transfers In	Transfers Out
	<u> </u>	<u> </u>
General	\$0	\$616,291
Auto, License and Gas Tax	0	85,967
Nonmajor Other Governmental Funds	702,258	0
Totals	<u>\$702,258</u>	<u>\$702,258</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

NOTE 7 - RECEIVABLES

Receivables at December 31, 2013 consisted of property taxes, sales taxes, accounts (billings for user charged services), interest, special assessments and intergovernmental grants. All receivables are considered fully collectible.

A summary of the principal items of intergovernmental receivable follows:

Governmental Activities	
<i>General Fund:</i>	
Local Government Distributions	\$346,489
State Property Tax Reimbursements	164,022
Total General Fund	510,511
<i>Auto, License and Gas Tax Fund:</i>	
Motor Vehicle License Tax	499,821
Gasoline Tax	1,232,974
Grants	269
Total Auto, License and Gas Tax Fund	1,733,064
<i>Job and Family Services Fund:</i>	
State and Federal Funding	376,853
<i>Board of Developmental Disabilities Fund:</i>	
State Property Tax Reimbursements	214,993
Grants	4,773
Total Board of Developmental Disabilities Fund	219,766

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

NOTE 7 - RECEIVABLES *(Continued)*

Non Major Special Revenue Funds:

Motor Vehicle Permissive Tax	209,518
Road and Bridge	2,766
Child Support Enforcement Agency	264,352
Youth Services Subsidy Grant	82,099
VOCA Grant	4,951
Crime Victims Assistance	77,691
HUD Grants	4,075
Law Library	15,268
COPS Grant	11,172
Workforce Development	41,446
SPL Grant	8,589
Hocking CASA Grant	5,000
Community Correction Grant	118,535
Total Nonmajor Special Revenue Funds	<u>845,462</u>
<i>Non Major Capital Projects Fund:</i>	
Capital Improvement	6,846
Total Intergovernmental Receivable	<u><u>\$3,692,502</u></u>

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

NOTE 8- CAPITAL ASSETS

A summary of changes in general capital assets during 2013 were as follows:

	Balance January 1, 2013	Additions	Deletions	Balance December 31, 2013
Governmental Activities:				
<i>Nondepreciable Capital Assets:</i>				
Land	\$731,102	\$0	\$0	\$731,102
Total Nondepreciable Capital Assets	731,102	0	0	731,102
<i>Depreciable Capital Assets:</i>				
Buildings	20,944,838	0	0	20,944,838
Improvements Other Than Buildings	1,555,405	5,250	0	1,560,655
Machinery and Equipment	6,950,408	226,812	(69,430)	7,107,790
Furniture and Fixtures	1,020,090	0	0	1,020,090
Vehicles	3,629,578	51,230	0	3,680,808
Infrastructure	36,704,443	1,308,534	(236,945)	37,776,032
Total Depreciable Capital Assets	70,804,762	1,591,826	(306,375)	72,090,213
<i>Accumulated Depreciation:</i>				
Buildings	(3,583,153)	(141,648)	0	(3,724,801)
Improvements Other Than Buildings	(424,255)	(110,078)	0	(534,333)
Machinery and Equipment	(4,974,160)	(347,864)	19,895	(5,302,129)
Furniture and Fixtures	(714,522)	(33,727)	0	(748,249)
Vehicles	(2,503,560)	(211,630)	0	(2,715,190)
Infrastructure	(17,496,703)	(1,827,568)	236,945	(19,087,326)
Total Accumulated Depreciation	(29,696,353)	(2,672,515)	256,840	(32,112,028)
Total Depreciable Capital Assets, Net	41,108,409	(1,080,689)	(49,535)	39,978,185
Governmental Activities Capital Assets, Net	\$41,839,511	(\$1,080,689)	(\$49,535)	\$40,709,287

At December 31, 2013, capital assets include \$138,559 of machinery and equipment under capitalized leases.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

NOTE 8- CAPITAL ASSETS *(Continued)*

For governmental activities, depreciation expense was charged to functions as follows:

Governmental Activities	
<i>General Government:</i>	
Legislative and Executive	\$229,301
Judicial	20,884
Public Safety	310,545
Public Works	2,013,625
Health	38,592
Human Services	56,431
Conservation and Recreation	3,137
Governmental Activities Depreciation Expense	\$2,672,515

	Balance January 1, 2013	Additions	Deletions	Balance December 31, 2013
Business-Type Activities:				
<i>Nondepreciable Capital Assets:</i>				
Land	\$13,964	\$0	\$0	\$13,964
Construction in Progress	1,101,998	498,032	(1,600,030)	0
Total Nondepreciable Capital Assets	1,115,962	498,032	(1,600,030)	13,964
<i>Depreciable Capital Assets:</i>				
Plant and Facilities	376,966	0	0	376,966
Infrastructure	2,479,628	1,600,030	0	4,079,658
Total Depreciable Capital Assets	2,856,594	1,600,030	0	4,456,624
<i>Accumulated Depreciation:</i>				
Plant and Facilities	(376,966)	0	0	(376,966)
Infrastructure	(215,374)	(58,280)	0	(273,654)
Total Accumulated Depreciation	(592,340)	(58,280)	0	(650,620)
Depreciable Capital Assets, Net	2,264,254	1,541,750	0	3,806,004
Business-Type Activities Capital Assets, Net	\$3,380,216	\$2,039,782	(\$1,600,030)	\$3,819,968

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

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

NOTE 9 - LONG-TERM OBLIGATIONS

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

Purpose	Outstanding January 1, 2013	Additions	Deletions	Outstanding December 31, 2013	Amounts Due Within One Year
Governmental Activities:					
<i>General Obligation Notes Payable:</i>					
Engineer's Note - Tiger Mowers 2009-2013 4.50%	\$20,025	\$0	\$20,025	\$0	\$0
Engineer's Note - Utility Tractors 2009-2013 4.50%	29,647	0	29,647	0	0
TIF Note – Crites Rd/Progress Parkway 2012-2017 1.50%	1,000,000	0	200,000	800,000	200,000
Engineer's Note – Hydraulic Excavator 2013-2017 3.00%	0	132,000	0	132,000	31,553
<i>General Obligation Bonds Payable:</i>					
Energy Saving Renovation Bonds 2010-2025 3.920%	2,645,615	0	180,000	2,465,615	185,000
OPWC Loan 2009-2029 0%	219,512	0	14,642	204,870	12,804
Clark's Run Ditch Loan 2012-2017 2.50%	174,449	0	32,789	141,660	34,375
Pence Tile Ditch Improvement Loan 2012-2017 2.50%	30,984	0	5,893	25,091	6,041
<i>Special Assessment Bonds with Governmental Commitment:</i>					
Northwood Park Sanitary Sewer Improvement 1999-2019 6.00%	76,000	0	9,000	67,000	10,000
<i>Other Long-Term Obligations:</i>					
Compensated Absences	1,159,591	1,238,262	1,283,630	1,114,223	715,803
Capital Leases	56,128	10,652	26,220	40,560	19,690
Governmental Activities Long-Term Obligations	\$5,411,951	\$1,380,914	\$1,801,846	\$4,991,019	\$1,215,266

The Engineer's Note Tiger Mowers was issued in 2009 for \$80,100 with a 4.50% interest rate. This note was issued for the purchase of four Tiger Mowers. This note will be paid by the Engineer's Note Debt Service Fund.

The Engineer's Note Utility Tractors was issued in 2009 for \$111,168 with a 4.50% interest rate. This note was issued for the purchase of five Four-Wheel Drive Utility Tractors. This note will be paid by the Engineer's Note Debt Service Fund.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

NOTE 9 - LONG-TERM OBLIGATIONS *(Continued)*

The 2012 Tax Increment Financing (TIF) Note was issued for \$1,000,000 with a 1.50% interest rate. This note was issued for the construction of extension of Crites Road and create a new road called Progress Parkway. This note will be repaid through Tax Increment Financing Debt Service Fund.

The Engineer's Note Hydraulic Excavator was issued in 2013 for \$132,000 with a 3.00% interest rate. This note was issued for the purchase of a Hydraulic Excavator. This note will be paid by the Engineer's Note Debt Service Fund.

The Energy Saving Renovation Bonds were issued in 2010 for \$2,995,615 with a 3.920% interest rate. These bonds are issued for renovations of all County buildings for energy savings. These bonds will be repaid through the Energy Savings Debt Service Fund.

The Ohio Public Works Commission (OPWC) Loan is related the Cromley Road Bridge Replacement Project. The loan will be paid in semi-annual installments of \$6,456, over 20 years. The debt is to be repaid from the Auto, License and Gas Tax Fund. This loan is to be a zero percentage interest rate for the life of the loan. This loan was issued in 2009 for \$258,250.

The Clark's Run Ditch Loan was issued in 2012 for \$176,226 with a 2.50% interest rate. This note was issued for the Clark's Run Ditch Project. This note will be paid by the Clark's Run Ditch Debt Service Fund.

The Pence Tile Ditch Improvement Project was issued in 2012 for \$30,984 with a 2.50% interest rate. This note was issued for the Pence Tile Ditch Improvement Project. This note will be paid by the Pence Tile Ditch Debt Service Fund.

The Northwood Park Sanitary Sewer Improvement Bonds were issued in 1999 for \$157,160 with a 6.00% interest rate. The Northwood Park Sanitary Sewer Improvement Bonds were issued to finance improvements to the sewer system for the Northwood Park subdivision. These bonds will be repaid through the collection of special assessments on the benefitting property owners in the debt service funds. The County is obligated to the extent of the remaining balance, if the property owners were to default.

The compensated absences liability will be paid from the fund from which the employees are paid. The capital leases will be repaid through the General Fund, Job and Family Service Fund and other nonmajor special revenue funds. The amount of principal payments and trade in on the capital leases paid in 2013 amounted to \$24,499. The County also received credit on the trade-in of leased assets in the amount of \$1,721.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

NOTE 9 - LONG-TERM OBLIGATIONS *(Continued)*

The following is a summary of the County's future principal and interest requirements for long-term obligations, including \$906,198 of interest:

For the Year Ended December 31,	Engineer's Note Hydraulic Excavator	TIF – CritesRd/ Progress Parkway	Clark's Run Ditch Loan	Pence Tile Ditch Improvement Loan
2014	\$35,513	\$211,250	\$37,729	\$6,631
2015	35,513	208,250	37,729	6,631
2016	35,513	205,250	37,729	6,631
2017	35,513	202,250	37,647	6,630
Totals	<u>\$142,052</u>	<u>\$827,000</u>	<u>\$150,834</u>	<u>\$26,523</u>

For the Year Ended December 31,	Energy Saving Renovation Bonds	OPWC Loan	Northwood Park Sanitary Sewer Improvement Bonds	Totals
2014	\$302,621	\$12,804	\$14,020	\$620,568
2015	295,370	12,804	13,420	609,717
2016	298,117	12,804	13,820	609,864
2017	295,473	12,804	13,160	603,477
2018	290,441	12,804	13,500	316,745
2019-2023	1,342,814	64,022	13,780	1,420,616
2024 - 2028	478,218	64,022	0	542,240
2029 - 2030	0	19,207	0	19,207
Totals	<u>\$3,303,054</u>	<u>\$211,271</u>	<u>\$81,700</u>	<u>\$4,742,434</u>

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

NOTE 9 - LONG-TERM OBLIGATIONS (Continued)

In April 2008, Pickaway County signed a guarantee for a \$500,000 loan through the Rural Industrial Park Loan Program offered through the Ohio Department of Development. The loan is the primary responsibility of Pickaway Progress Partnership or P³, the area's community improvement corporation. However in the event that P³ would default on the loan, the Ohio Department of Development would first try to sell the property and building. If a sale does not occur, the loan would then be the responsibility of the Village of Ashville and Pickaway County. The Village of Ashville would be obligated to a maximum of \$20,000 annually and the remainder would be the responsibility of Pickaway County. The loan is a fifteen year loan a balance of \$430,106 existing at December 31, 2013. Interest accrues at a rate of 3% plus a service fee of 0.25%.

NOTE 10 - LOANS PAYABLE

The County's loan transactions for the year ending December 31, 2013, were as follows:

Purpose	Balance January 1, 2013	Additions	Deletions	Balance December 31, 2013	Amount Due Within One Year
Business - Type Activities:					
<i>OPWC Loans</i>					
Darby Twp. Sewer Improvement, 0%	\$240,000	\$0	\$20,000	\$220,000	\$20,000
Derby Area Sanitary Sewer, 0%	0	247,664	4,128	243,536	8,255
<i>OWDA Loans Payable</i>					
Darby Twp. Sewer Improvement, 0%	1,478,209	0	52,794	1,425,415	105,586
Derby Area Sanitary Sewer, 0%	1,012,665	339,701	0	1,352,366	0
Business - Type Activities Loan Payable	\$2,730,874	\$587,365	\$76,922	\$3,241,317	\$133,841

The first Ohio Public Works Commission (OPWC) Loan is related to improvements to the Darby Township Sanitary Sewer System. The loan will be paid in bi-annual installments of \$10,000, over 20 years. The debt is to be repaid by user charges to consumers that use the system. This loan is to be a zero percentage interest rate for the life of the loan. This loan was issued in 2005 for \$400,000.

The second Ohio Public Works Commission (OPWC) Loan is related to the Derby Area Sanitary Sewer Project. The OPWC has granted a loan in the amount of \$400,000 for this project. As of December 31, 2013, a repayment schedule for the loan has been established. The loan is to be repaid in semi-annual installments of \$4,128 effective January 1, 2014 over 30 years with the final installment payable on July 1, 2043. The debt is repaid by user charges to consumers that use the system. The County must set rates in an amount that guarantees repayment of the debt.

The first Ohio Water Development Authority (OWDA) Loan is related to improvements to the Darby Township Sanitary Sewer System. The OWDA has granted an original loan amount of \$1,624,478 and a supplementary loan amount of \$487,248, for a maximum loan amount of \$2,111,726 for this project. The loan will be repaid in semiannual installments of \$52,793 effective July 1, 2008, over 20 years for the original loan amount with the final installment payable on July 1, 2027. The debt is repaid by user charges to consumers that use the system. The County must set rates in an amount that guarantees repayment of the debt.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

NOTE 10 - LOANS PAYABLE

The second Ohio Water Development Authority (OWDA) Loan is related to the Derby Area Sanitary Sewer. The OWDA has granted a loan in the amount of \$1,352,366 for this project. As of December 31, 2013, a repayment schedule for the loan has not been established, but the final payment is due by January 1, 2044. The debt is repaid by user charges to consumers that use the system. The County must set rates in an amount that guarantees repayment of the debt.

NOTE 11 - CAPITALIZED LEASES - LESSEE DISCLOSURE

The County has entered into agreements to lease equipment and other assets. Such agreements are, in substance, lease purchases and are reflected as capital lease obligations in the basic financial statements. New leases are, in substance, capital purchases and are recorded as current expenditures and proceeds from capital leases on the fund financial statements. The capital lease obligations reflected above as part of the long-term obligations represent the present value of the net future minimum lease payments on all capital leases.

The following is a schedule of the future minimum lease payments under lease obligations which have been capitalized as of December 31, 2013.

For the Year Ended December 31,	Capital Lease Obligations
2014	\$21,209
2015	9,949
2016	6,916
2017	2,964
2018	1,678
Total Minimum Lease Payments	42,716
Less: Amount Representing Interest	2,156
Present Value of Minimum Lease Payments	\$40,560

NOTE 12 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility personal property located in the County. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revalued every six years. The last revaluation was completed in 2005. Real property taxes are payable annually or semiannually. The first payment is due February 15, with the remainder payable by July 18.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property currently is assessed at varying percentage of true value; public utility real property is assessed at 35 percent of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

NOTE 12 - PROPERTY TAXES *(Continued)*

The County Treasurer collects property tax on behalf of all taxing districts within the County. The County Auditor periodically remits to itself its share of the taxes collected. The County records receipt of these taxes in various funds.

Accrued property taxes receivable represents delinquent taxes outstanding and real and public utility taxes that were measurable and unpaid as of December 31, 2013. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31 and are not intended to finance 2013 operations. The receivable is therefore offset by a credit to deferred revenue.

The full tax rate for all County operations for the year ended December 31, 2013, was \$3 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2013 property tax receipts were based are as follows:

Category	Assessed Value
<i>Real Estate:</i>	
Agriculture	\$209,636,710
Residential	721,451,680
Commercial	96,626,430
Industrial	23,842,770
Minerals	796,020
Public Utilities	21,750,790
<i>Personal Property:</i>	
Public Utilities	155,562,020
Total Assessed Values	\$1,229,666,420

NOTE 13 - PERMISSIVE SALES TAX

In 1988, in accordance with Sections 5739.02 and 5741.02 of the Revised Code, the County Commissioners, by resolution, imposed a 1 percent tax on all retail sales, except sales of motor vehicles, made in the County, and on the storage, use, or consumption in the County of tangible personal property, including automobiles. In December 2001, the County Commissioners, by resolution, imposed an additional one-half percent tax on all retail sales, except sales of motor vehicles, made in the County, and on the storage, use, or consumption in the County of tangible personal property, including automobiles. 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 then drawn within five days. Proceeds of the tax were credited to the General Fund and Capital Project Fund. Amounts that have been collected by the State and are to be received within the available period are accrued as revenue. Sales and use tax revenue for 2013 amounted to \$7,405,987 in the statement of activities.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

NOTE 14 - ACCOUNTABILITY

The following funds had deficit fund balances as of December 31, 2013:

Non-major Special Revenue Funds:

Diversion Program Grant	\$31
VOCA Grant	962
HUD Grants	24,332

The deficits in these funds are the result of the application of generally accepted accounting principles and the requirement to accrue liabilities when incurred. The General Fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. These deficits do not exist on the cash basis.

NOTE 15 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts, theft or damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During 2013, the County contracted with County Risk Sharing Authority (CORSA), a jointly governed organization, for liability, property, and crime insurance. The CORSA program has a \$2,500 deductible.

Coverages provided by the program are as follows:

Property:

Buildings & Contents (\$100,000 annual aggregate pool limit for flood and earthquake)	\$84,818,707
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Liability:

General Liability	\$1,000,000
Excess Liability	5,000,000
Law Enforcement	1,000,000
Automobile	1,000,000
Uninsured/Underinsured Motorist	250,000
Faithful Performance and Employee Bond	1,000,000
Boiler and Machinery (each accident)	100,000,000

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

NOTE 15 - RISK MANAGEMENT *(Continued)*

Settlement amounts on claims have not exceeded insurance coverage in any of the past three years. There have been no significant reductions in insurance coverage from the prior year.

The County participates in the Workers' Compensation Program provided by the State of Ohio. During 2013, the County belonged to a pool with 63 other Ohio counties (County Commissioners Association of Ohio) for a workers' compensation group-rating program. The County joined this group plan to achieve lower workers' compensation rates.

The County purchases health, dental and vision insurances through the Franklin County Cooperative Health Benefits Program (FCCHBP). Insurance purchased through the FCCHBP is not considered limited risk health insurance. Workers' compensation benefits are provided through the State Bureau of Workers' Compensation. The County pays all elected officials' bonds by statute.

NOTE 16 - DEFINED BENEFIT RETIREMENT PLANS

All non-uniformed full time and part-time County employees participate in the Ohio Public Employee Retirement System.

A. Ohio Public Employees Retirement System

- (1) Ohio Public Employees Retirement System (OPERS) administers three separate pension plans as described below:
 - a. The Traditional Pension Plan – a cost sharing, multiple-employer defined benefit pension plan.
 - b. The Member-Directed Plan – 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 member and (vested) employer contributions plus any investment earnings.
 - c. The Combined Plan – a cost sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirements assets in a manner similar to the Member-Directed Plan.
- (2) OPERS provide retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.
- (3) Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.
- (4) OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

NOTE 16 - DEFINED BENEFIT RETIREMENT PLANS *(Continued)*

- (5) The Ohio Revised Code provides statutory authority for member and employer contributions. For 2013, member and employer contributions rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions (who don't qualify for the Ohio Police and Fire Pension Fund) exist only within the Traditional Pension Plan.

For 2013 the member contribution rate was 10.0 percent for members in state and local classifications. Public safety and law enforcement members contributed 12.0 percent and 12.6 percent, respectively.

For 2013 the employer contribution rate for state and local employers was 14.0 percent of covered payroll. For both the law enforcement and public safety divisions, the employer contribution rate for 2013 was 18.10 percent.

- (6) Total required employer contributions for all plans were equal to 100 percent of the employer charges and should be extracted from the employer's records.
- (7) The County's required contributions for pension obligations to OPERS for the years ended December 31, 2013, 2012 and 2011 were \$1,501,559, \$1,196,246, and \$1,346,414, respectively; 96.42% has been contributed for 2013, and 100% has been contributed for 2012 and 2011. Of the 2013 amount, \$53,808 was unpaid at December 31, 2013 and is recorded as a liability in the basic financial statements.

B. State Teachers Retirement System of Ohio

The Pickaway County Board of Developmental Disabilities contributes for all certified teachers to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, OH 43215-3771 or by visiting the STRS Ohio website at www.strsoh.org or by calling toll free 1-888-227-7877.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB Plan offers an annual retirement allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

NOTE 16 - DEFINED BENEFIT RETIREMENT PLANS *(Continued)*

DB Plan Benefits- Plan Benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance payable for life is the greater of the “formula benefit” or the “money-purchase benefit” calculation. Under the “formula benefit,” the retirement allowance is based on years of credited service and final average salary, which is the average of the member’s three highest salary years. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5% instead of 2.2%. Under the “money-purchase benefit” calculation, a member’s lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum retirement allowance.

DC Plan Benefits- Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. Employer contributions into members’ accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member’s designated beneficiary is entitled to receive the member’s account balance.

Combined Plan Benefits- Member contributions are allocated by the member, and employer contributions are used to fund defined benefit payment. A member’s defined benefit is determined by multiplying 1% of the member’s final average salary by the member’s years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. A reemployed retiree may alternatively receive a refund of only member contributions with interest before age 65, one employment is terminated.

Benefits are increased annually by 3% of the original base amount for DB Plan participants.

The DB and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians’ fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

NOTE 16 - DEFINED BENEFIT RETIREMENT PLANS *(Continued)*

A DB or Combined Plan member with five or more years' credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependent of members who die before retirement may qualify for surviving benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the DB Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC, or Combined Plans. Various other benefits are available to members' beneficiaries.

Plan members are required to contribute 10% of their annual covered salary and the County is required to contribute 14% was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The County's contributions for pension obligations to STRS for the fiscal years ended December 31, 2013, 2012, and 2011 were \$9,873, \$10,403, and \$7,407, respectively. These contributions were equal to the required contributions for each of these years.

NOTE 17 - POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

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

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

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

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

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

NOTE 17 - POSTEMPLOYMENT BENEFITS *(Continued)*

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013, state and local employer contributed at a rate of 14.00 percent of covered payroll and public safety and law enforcement employers contributed at 18.10 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 1.0 percent during the calendar year of 2013. Effective January 2014, the portion of employer contributions allocated to healthcare was raised to 2 percent for both plans, as recommended by the OPERS Actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree, or their surviving beneficiaries, to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The County's required contributions that were allocated to fund postemployment benefits with OPERS for the years ended December 31, 2013, 2012 and 2011 were \$115,505, \$478,499 and \$516,560, respectively.

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

B. State Teachers Retirement System

Plan Description – The State Teachers Retirement System of Ohio (STRS Ohio) administers a pension plan that is comprised of a Defined Benefit Plan, a self-directed Defined Contribution Plan, and a Combined Plan that is hybrid of the Defined Benefit Plan and the Defined Contribution Plan.

Ohio law authorized STRS Ohio to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the Defined Benefit or Combined Plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums.

Pursuant to 3307 of the Ohio Revised Code, the State Teachers Retirement System Board (STRS Board) has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

NOTE 17 - POSTEMPLOYMENT BENEFITS *(Continued)*

STRS Ohio issues a stand-alone financial report. Interested parties may request additional information or a copy of the *Comprehensive Annual Financial Report* by writing to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling (888) 227-7877 or by visiting the STRS Ohio web site at www.strsoh.org.

Funding Policy – Under Ohio law, funding for postemployment health care may be deducted from employer contributions. Of the 14% employer contribution rate, 1% of covered payroll was allocated to postemployment health care for the years ended June 30, 2013, 2012 and 2011. The 14% employer contribution rate is the maximum rate established under Ohio law.

The County's contributions allocated to fund postemployment health care benefits with STRS Ohio for the years ended December 31, 2013, 2012, 2011 were \$759, \$800, and \$570 respectively; 100% has been contributed for each of the three years.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

NOTE 18 – FUND CASH BALANCES

As of December 31, 2013 fund balances are composed of the following:

	<u>General</u>	<u>Auto License & Gas Tax</u>	<u>Job and Family Services</u>	<u>Board of Developmental Disabilites</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<i>Nonspendable:</i>						
Prepaid Items	\$34,695	\$0	\$21,981	\$9,625	\$10,346	\$76,647
Loan Receivable	0	0	0	0	476,821	476,821
Materials & Supplies	45,057	255,594	4,096	0	0	304,747
Unclaimed Monies	20,437	0	0	0	0	20,437
Total Nonspendable	<u>100,189</u>	<u>255,594</u>	<u>26,077</u>	<u>9,625</u>	<u>487,167</u>	<u>878,652</u>
<i>Restricted:</i>						
Legislative & Executive	0	0	0	0	471,505	471,505
Judicial	0	0	0	0	354,216	354,216
Public Safety	0	0	0	0	745,401	745,401
Pubic Works	0	970,400	0	0	287,064	1,257,464
Health	0	0	0	13,745,830	33,673	13,779,503
Human Services	0	0	455,588	0	932,856	1,388,444
Economic Development	0	0	0	0	227,428	227,428
Debt Service	0	0	0	0	60,187	60,187
Total Restricted	<u>0</u>	<u>970,400</u>	<u>455,588</u>	<u>13,745,830</u>	<u>3,112,330</u>	<u>18,284,148</u>
<i>Committed:</i>						
Special Children Services	0	0	0	0	491,036	491,036
Capital Projects	0	0	0	0	955,868	955,868
Total Committed	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,446,904</u>	<u>1,446,904</u>
<i>Assigned:</i>						
Greenbriar Ditch	0	0	0	0	12,948	12,948
Clark's Run Upper Term Ditch	0	0	0	0	1,537	1,537
Pence Title Main Ditch	0	0	0	0	353	353
Total Assigned	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>14,838</u>	<u>14,838</u>
<i>Unassigned</i>	<u>4,114,110</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(25,325)</u>	<u>4,088,785</u>
Total Fund Balances	<u><u>\$4,214,299</u></u>	<u><u>\$1,225,994</u></u>	<u><u>\$481,665</u></u>	<u><u>\$13,755,455</u></u>	<u><u>\$5,035,914</u></u>	<u><u>\$24,713,327</u></u>

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

NOTE 19 - ADDITIONAL DISCLOSURE FOR DISCRETELY PRESENTED COMPONENT UNIT

A. Measurement Focus and Basis of Accounting

Pickaway County Airport Authority uses fund accounting to report on their operations and uses the cash basis of accounting.

B. Budgetary Basis of Accounting

Budgetary information for the discretely presented component unit is not presented because it is not included in the entity for which the "appropriated budget" is adopted and does not maintain separate budgetary financial records.

C. Capital Assets

Property and equipment for the component unit is stated at historical cost and is updated for the costs of additions and retirements during the year. Donated fixed assets have been recorded at the fair market value at the date of the gift.

The assets for Pickaway County Airport are depreciated on a straight line basis using the following estimated useful lives:

Category	Pickaway County Airport
Buildings and Improvements	30-40 years
Infrastructure	10-60 years

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

NOTE 19 - ADDITIONAL DISCLOSURE FOR DISCRETELY PRESENTED COMPONENT UNIT
(Continued)

A summary of changes in capital assets for the Pickaway County Airport during 2013 were as follows:

	Balance January 1, 2013	Additions	Deletions	Balance December 31, 2013
<i>Non-Depreciable Capital Assets:</i>				
Land	\$218,036	\$0	\$0	\$218,036
Construction in Progress	376,020	76,094	(452,114)	0
Total Non-Depreciable Capital Assets	594,056	76,094	(452,114)	218,036
<i>Depreciable Capital Assets:</i>				
Buildings and Improvements	1,041,748	0	0	1,041,748
Infrastructure	545,128	452,114	0	997,242
Total Depreciable Capital Assets	1,586,876	452,114	0	2,038,990
<i>Accumulated Depreciation:</i>				
Buildings	(315,604)	(33,159)	0	(348,763)
Infrastructure	(81,292)	(11,189)	0	(92,481)
Total Accumulated Depreciation	(396,896)	(44,348)	0	(441,244)
Depreciable Capital Assets, Net	1,189,980	407,766	0	1,597,746
Capital Assets, Net	\$1,784,036	\$483,860	(\$452,114)	\$1,815,782

NOTE 20 - JOINTLY GOVERNED ORGANIZATIONS

A. Berger Hospital

Berger Hospital is a jointly governed organization that provides diversified health care services to the community. The hospital is governed by a 9 member board: Pickaway County Commissioners appoint 4 members of the board, the City of Circleville appoints 4 members of the board and the final board member is the City of Circleville's Mayor. The Mayor is the President of the Board but does not have voting privileges unless there is a tie. The City of Circleville holds legal title to the Hospital. The degree of control exercised by the County is limited to its representation on the Board. Pickaway County does not have an ongoing financial interest in or an ongoing financial responsibility for the Hospital. During 2013, the County did not make any contributions to the Hospital. Complete financial statements can be obtained from the Berger Hospital, 600 N. Pickaway, Circleville, Ohio, 43113.

B. Paint Valley Mental Health Alcohol and Drug Addiction Board

The Paint Valley Mental Health Alcohol and Drug Addiction Board serves Pike, Fayette, Highland, Pickaway and Ross Counties and is a jointly governed organization that is responsible for developing, coordinating, modernizing, funding, monitoring and evaluating a community-based mental health and substance abuse program. The Board consists of eighteen members. The Director of the Ohio Department of Mental Health appoints four members and the Director of the Ohio Department of Alcohol and Drug Addiction Services appoints four members. The remaining members are appointed by the County Commissioners of Pike, Fayette, Highland, Pickaway, and Ross Counties in the same proportion as each County's population bears to the total population of the five counties combined. The Board receives revenue from the participating counties and receives federal and state funding through grant monies that are applied for and received by the Board of Trustees. Pickaway County cannot significantly influence operations of the Board, who has sole budgetary authority and controls surpluses and deficits. Pickaway County has no ongoing financial interest or responsibility. During 2013, Pickaway County did not make any contributions to the program.

C. Ross, Pickaway, Highland, Fayette Joint Solid Waste Management District

The County is a member of the Ross, Pickaway, Highland, Fayette Joint Solid Waste Management District, which is a jointly governed organization of the four-named counties. The purpose of the District is to make disposal of waste in the four-county area more comprehensive in terms of recycling, incinerating, and land filling. The District was created in 1989, as required by the Ohio Revised Code.

The Ross, Pickaway, Highland, Fayette Joint Solid Waste Management District is governed and operated through three groups. A twelve member board of directors, comprised of three commissioners from each county, is responsible for the District's financial matters. Financial records are maintained by the Ross County Auditor and Treasurer, and the Ross County Commissioners budget and finance the District with board approval. A twenty-nine member policy committee, comprised of seven members from each county and one at-large member appointed by the board of directors, is responsible for preparing the solid waste management plan of the District in conjunction with a twenty-three member Technical Advisory Council (members appointed by the policy committee). The District's sole revenue source is derived from a waste disposal fee for in-district and out-of-district waste. Although the counties contributed amounts to the District at the time of its creation, all contributions have since been returned to the respective counties and no future contributions by the counties are anticipated. Continued existence of the District is not dependent on the County's continued participation, no equity interest exists, and no debt is outstanding.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

NOTE 20 - JOINTLY GOVERNED ORGANIZATIONS *(Continued)*

D. County Risk Sharing Authority (CORSA)

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

Each member County has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the Corporation are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the board of trustees. CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payment of the certificates. The County does not have an equity interest in CORSA. The County's payment for insurance to CORSA in 2013 was \$258,296.

E. Southern Ohio Council of Governments

The County is a member of the Southern Ohio Council of Governments, which is a jointly governed organization created under the Ohio Revised Code Section 167.01. The governing body consists of a thirteen member board with each participating County represented by its Director of its Board of Developmental Disabilities. Member counties include: Adams, Athens, Brown, Fayette, Gallia, Highland, Jackson, Lawrence, Pickaway, Pike, Ross, Scioto and Vinton Counties. During 2013, the County contributed \$60,203 to this organization. Financial statements can be obtained from the Southern Ohio Council of Governments, 43 N. Paint St., Chillicothe, Ohio, 45601.

NOTE 21 - RELATED ORGANIZATIONS

A. Pickaway County Park District

The County's probate judge is responsible for appointing the members of the board of the Pickaway County Park District. The County is the fiscal agent for the Park District; therefore, the activities of the Park District are reflected as an agency fund of the County.

B. Pickaway County District Public Library

The Pickaway County District Public Library is statutorily created as a separate and distinct political subdivision of the State. Four trustees of the District Library are appointed by the County Commissioners, and three trustees are appointed by the judges of the Common Pleas Court. The board of trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the County for operational subsidies. Due process is required to remove board members. No subsidies are provided by the County.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

NOTE 22 - CONTINGENT LIABILITIES

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

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

NOTE 23 – SUBSEQUENT EVENTS

In May 2014, the citizens of the Village of Orient voted to dissolve the village and the County will obtain the Village's infrastructure for water/sewer lines along with the Village's outstanding debt with OPWC in the amount of \$122,222. Maturity date on the debt is July 1, 2025.

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PICKAWAY COUNTY

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

Federal Grantor / Pass through Grantor / Program Title	Pass-Through Entity Number	Federal CFDA Number	Expenditures
<u>U.S. Department of Agriculture</u>			
<i>Passed through Ohio Department of Education:</i>			
<i>Child Nutrition Cluster:</i>			
National School Breakfast Program	2012/2013	10.553	\$2,270
National School Lunch Program	2012/2013	10.555	3,532
Total - Child Nutrition Cluster			<u>5,802</u>
<i>Food and Nutrition Services:</i>			
State Administrative Matching Grants for the Supplemental			
Nutrition Assistance Program	G-1415-11-5413 & G-1213-110098	10.561	294,642
Total U.S. Department of Agriculture			<u>300,444</u>
<u>U.S. Department of Housing and Urban Development</u>			
<i>Passed through the State of Ohio - Development Services Agency:</i>			
Community Development Block Grant	B-F-11-1CH-1	14.228	64,052
Community Development Block Grant	B-W-11-1CH-1	14.228	533,263
Community Development Block Grant	B-F-12-1CH-1	14.228	110,114
Community Development Block Grant	B-F-13-1CH-1	14.228	6,000
Community Development Block Grant	B-C-11-1CH-1	14.228	140,189
Total - Community Development Block Grant			<u>853,618</u>
HOME Investment Partnership Program	B-C-11-1CH-2	14.239	242,792
Total U.S. Department of Housing and Urban Development			<u>1,096,410</u>
<u>U.S. Department of Justice</u>			
Patrol Safety Initiative Grant	2010-SB-B9-2684	16.804	1,841
<i>Passed through Ohio Attorney General:</i>			
Crime Victim Assistance	2014-VAGENE-095	16.575	27,506
Crime Victim Assistance	2014-SAGENE-095	16.575	1,133
Crime Victim Assistance	2013-VAGENE-095	16.575	78,025
Crime Victim Assistance	2013-SAGENE-095	16.575	4,822
Total - Crime Victim Assistance			<u>111,486</u>
Total U.S. Department of Justice			<u>113,327</u>
<u>U.S. Department of Homeland Security</u>			
<i>Directly funded:</i>			
Disaster Grants- Public Assistance (Presidentially Declared Disasters)	FEMA-4077-DR-129-12669	97.036	12,705

PICKAWAY COUNTY

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

(Continued)

Federal Grantor / Pass through Grantor / Program Title	Pass-Through Entity Number	Federal CFDA Number	Expenditures
<i>Passed through Ohio Department of Public Safety Emergency Management Agency:</i>			
Homeland Security Grant	DPSR00EQMT	97.067	64,239
Emergency Management Performance Grant	DPSR00EORG	97.042	38,591
Total U.S. Department of Homeland Security			115,535
<u>U.S. Department of Education</u>			
<i>Passed through Ohio Department of Education:</i>			
Special Education Grants to States	066191-6BSF-2012/2013	84.027	17,297
Total U.S. Department of Education			17,297
<u>U.S. Department of Health and Human Services</u>			
<i>Passed through Ohio Department of Job & Family Services:</i>			
Promoting Safe and Stable Families	G-1213-11-0098	93.556	17,224
Child Welfare Services State Grant	G-1213-11-0098	93.645	4,891
Foster Care Title IV-E	G-1213-11-0098	93.658	155,407
Adoption Assistance	G-1213-11-0098	93.659	80,358
Chaffee Foster Care Independence Program	G-1213-11-0098	93.674	999
Temporary Assistance for Needy Families (TANF)	G-1415-11-5413 & G-1213-110098	93.558	1,011,002
Child Care Development Block Grant	G-1415-11-5413 & G-1213-110098	93.575	49,617
Social Service Block Grant	G-1415-11-5413 & G-1213-110098	93.667	335,557
Child Support Enforcement	G-1415-11-5413 & G-1213-110098	93.563	547,028
State Children's Insurance Program	G-1415-11-5413 & G-1213-110098	93.767	2,934
Medical Assistance Program	G-1415-11-5413 & G-1213-110098	93.778	213,961

PICKAWAY COUNTY

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

(Continued)

Federal Grantor / Pass through Grantor / Program Title	Pass-Through Entity Number	Federal CFDA Number	Expenditures
<u>U.S. Department of Health and Human Services (continued)</u>			
<i>Passed through Ohio Department of Developmental Disabilities:</i>			
Social Services Block Grant	G-1415-11-5413 & G-1213-110098	93.667	34,367
<i>Passed through Ohio Secretary of State:</i>			
Voting Access for Individuals with Disabilities - Grants to States	06-SOS-HHS-65	93.617	1,234
Total U.S. Department of Health and Human Services			<u>2,454,579</u>
<u>U.S. Department of Transportation</u>			
<i>Received Directly from Federal Agency</i>			
Airport Improvement Grant	n/a	20.106	<u>85,904</u>
<i>Passed through Ohio Department of Public Safety:</i>			
<i>Highway Safety Cluster</i>			
State and Community Highway Safety	HVEO-2014-65	20.600	4,134
State and Community Highway Safety	HVEO-2013-65	20.600	8,539
Safe Communities Grant	SC-2014-65	20.600	18,868
Safe Communities Grant	SC-2013-65	20.600	6,036
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	HVEO-2014-65	20.601	4,134
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	HVEO-2013-65	20.601	8,539
State Traffic Safety Information System Improvement Grants	CG-2011-65-00-00-00523-00	20.610	765
Total - Highway Safety Cluster			<u>51,015</u>
<i>Passed through Ohio Department of Transportation:</i>			
Highway Planning and Construction	n/a	20.205	<u>87,264</u>
Total U.S. Department of Transportation			<u>224,183</u>
<u>U.S. Department of Labor</u>			
<i>Passed through the Area 20/21 Workforce Investment Board:</i>			
Admin - Work Investment Act-Adult	G-1415-11-5413 & G-1213-110098	17.258	2,085
Work Investment Act-Adult	G-1415-11-5413 & G-1213-110098	17.258	76,898
Total-Adult			<u>78,983</u>

PICKAWAY COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
 FOR THE YEAR ENDED DECEMBER 31, 2013
 (Continued)

Federal Grantor / Pass through Grantor / Program Title	Pass-Through Entity Number	Federal CFDA Number	Expenditures
Admin - Work Investment Act-Youth	G-1415-11-5413 & G-1213-110098	17.259	540
Work Investment Act-Youth	G-1415-11-5413 & G-1213-110098	17.259	123,767
Total-Youth			<u>124,307</u>
Admin - Work Investment Act-Dislocated Worker	G-1415-11-5413 & G-1213-110098	17.278	3,122
Work Investment Act-Dislocated Worker	G-1415-11-5413 & G-1213-110098	17.278	95,889
Total-Dislocated Worker			<u>99,011</u>
Total U.S. Department of Labor			<u>302,301</u>
Total Federal Awards Expenditures			<u><u>\$4,624,076</u></u>

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

PICKAWAY COUNTY

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) reports the Pickaway County, (the County's) federal award programs' disbursements. The Schedule has been prepared on the cash basis of accounting, except expenditures passed through the Ohio Department of Job and Family Services and the Area 20/21 Workforce Investment Board, which are presented on the accrual basis.

NOTE B - SUBRECIPIENTS

The County passes certain federal awards received from Ohio Department of Job and Family Services and the Area 20/21 Workforce Investment Board to other governments or not-for-profit agencies (subrecipients). As Note A describes, the County reports expenditures of Federal awards to subrecipients when paid in cash, except expenditures passed through the Ohio Department of Job and Family Services and the Area 20/21 Workforce Investment Board, are presented on the accrual basis

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

NOTE C - CHILD NUTRITION CLUSTER

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

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

The County has a revolving loan fund (RLF) program to provide low-interest loans to businesses to create jobs for low to moderate income persons and also to lend money to eligible persons to rehabilitate homes. The federal Department of Housing and Urban Development (HUD) grants money for these loans to the County, passed through the Ohio Development Services Agency. The Schedule reports loans made and administrative costs as disbursements on the Schedule. Subsequent loans are subject to the same compliance requirements imposed by HUD as the initial loans.

These loans are collateralized by liens on the property.

Activity in the Community Development Block Grant (CDBG) revolving loan fund during 2013 is as follows:

Beginning loans receivable balance as of January 1, 2013	\$93,473
Loans made	350,000
Loan principal repaid	(33,348)
Ending loans receivable balance as of December 31, 2013	\$476,821
Cash balance on hand in the revolving loan fund as of December 31, 2013	\$90,727
Administrative costs expended during 2013	0

PICKAWAY COUNTY

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FISCAL YEAR ENDED DECEMBER 31, 2013
(Continued)**

NOTE E - MATCHING REQUIREMENTS

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



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

Pickaway County
139 West Franklin Street
Circleville, Ohio 43113

To the County Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of Pickaway 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 and have issued our report thereon dated September 19, 2014.

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 opinion 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.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of 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. We consider finding 2013-001 described in the accompanying schedule of findings and questioned costs to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2013-002 described in the accompanying schedule of findings to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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.

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

September 19, 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

Pickaway County
139 West Franklin Street
Circleville, Ohio 43113

To the County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited the Pickaway 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 the Pickaway 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 Temporary Assistance for Needy Families and Community Development Block Grant

As described in Findings 2013-003 and 2013-004 in the accompanying schedule of findings, the County did not comply with requirements regarding the following:

Finding #	CFDA #	Program (or Cluster) Name	Compliance Requirement
2013-003	93.558	Temporary Assistance for Needy Families (TANF)	Eligibility
2013-004	14.228	Community Development Block Grant (CDBG)	Cash Management

Compliance with these requirements is necessary, in our opinion, for the County to comply with the requirements applicable to these programs.

Qualified Opinion on Temporary Assistance for Needy Families and Community Development Block Grant

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Temporary Assistance for Needy Families and Community Development Block Grant* paragraph, Pickaway County, Ohio complied, in all material respects, with the requirements referred to above that could directly and materially affect its Temporary Assistance for Needy Families (TANF) grant and Community Development Block Grant (CDBG) for the year ended December 31, 2013.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, Pickaway County, Ohio 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 results of our auditing procedures disclosed instances of noncompliance which OMB Circular A-133 requires us to report, described in the accompanying schedule of findings as items 2013-005 and 2013-006. These findings did not require us to modify our compliance opinion on each major federal program.

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

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 certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program'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 deficiencies in internal control over compliance described in the accompanying schedule of findings as items 2013-003 through 2013-04 to be material weaknesses.

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

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.



Dave Yost
Auditor of State

Columbus, Ohio

September 19, 2014

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

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	Yes
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Qualified for CFDA # 93.558 Temporary Assistance for Needy Families (TANF) Eligibility requirements. Qualified for CFDA # 14.228 Community Development Block Grant (CDBG) Cash Management requirements. Unmodified for remaining major federal programs.
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	Yes
(d)(1)(vii)	Major Programs (list):	CFDA #93.558 Temporary Assistance for Needy Families (TANF) CFDA # 14.228 Community Development Block Grant (CDBG) CFDA # 10.561 State Administrative Match Grants for the Supplemental Nutrition Assistance Program. CFDA # 17.258, 17.259 and 17.278 Workforce Investment Act
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

PICKAWAY COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2013
(Continued)

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

Finding Number 2013-001

Financial Statement Report- Material Weakness

Sound financial reporting is the responsibility of the County is essential to help ensure information provided to the readers of the financial statements is complete and accurate.

The following adjustments were posted to the audited financial statements, and where applicable, to the accounting records for the year ended December 31, 2013:

- To record \$476,821 of loans receivable in other governmental funds for loans outstanding from the CDBG private home rehabilitation loans.
- To reduce intergovernmental receivable in the Sewer fund by \$31,501 to remove duplicate recording of receivables.
- To reduce contractual expenditures in the Sewer fund by \$21,994 to correct overstatement of expenditures.
- To reduce beginning fund balance in the Sewer fund by \$27,211 to remove duplicate recording of receivables in the prior audit.
- To reclassify \$3,164,313 of property taxes on the Statement of Activities as Property Taxes levied for Health.

The following immaterial variance was identified during the audit but was not adjusted on the financial statements or the accounting records:

- To increase intergovernmental receipts and public work expenditures in the Auto, License and Gas Tax Fund by \$76,165 for payments made on behalf of the county.

Although the County has implemented various controls over financial reporting, the need to propose audit adjustments suggest controls may not be effective or operating as management intended.

We recommend the County Auditor and Commissioners review the financial statements as prepared in accordance with Generally Accepted Accounting Principles to help ensure controls function as intended allowing any misstatements to be detected and corrected in future reports.

Official's Response: The Pickaway County Commissioners and Auditor will continue to work closely with our GAAP converter to ensure that these types of adjustments are addressed prior to the release of the statements to the State of Ohio Auditor's Office. .

PICKAWAY COUNTY
PICKAWAY COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2013
(Continued)

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

Finding Number 2013-002

Cash Reconciliation- Significant Deficiency

The Treasurer's office maintains the bank accounts and investments for the County, which totaled approximately \$26.7 million in 2013. The Treasurer's office performs monthly reconciliations for the County; however, an unidentified reconciling item in the December 31, 2013 reconciliation between the bank to book totaled \$45,820. This reconciling item has been carried on the books since 2010. Bank reconciliations are prepared by the County Treasurer and a copy of the reconciliation is provided to the County Auditor to include in the monthly financial report to the Commissioners.

Strong monitoring practices of County financial activities are the responsibility of management and are essential to help ensure proper financial reporting. A reconciliation should be performed daily and reconciling items should be identified and adjusted at the time the reconciling item or error is discovered. Reconciliations should include all bank accounts and book balances. Additionally, management should review the bank to book reconciliation, as well as, the reconciliation between the Auditor and Treasurer and their respective account balances. Evidence of these reviews by someone independent of the reconciliation process should be documented.

When designing internal controls, including monitoring controls, Ohio Admin. Code Section 117-2-01(D) suggests, in part, specific control activities that management should consider.

- (1) Ensure that all transactions are properly authorized in accordance with management's policies.
- (2) Ensure that accounting records are properly designed.
- (3) Ensure adequate security of assets and records.
- (4) Plan for adequate segregation of duties or compensating control
- (5) Verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

We recommend the County Treasurer and Auditor reconcile all bank and book balances on a daily basis. In this process, all reconciling items and/or errors should be identified and reviewed by someone independent of the reconciliation process to help ensure timely follow-up and corrective action. We recommend unidentified reconciling items be investigated to resolve bank to book differences. We also recommend the County consider additional training for staff assigned to complete reconciliations, as needed.

Official's Response: The County Treasurer's office is working directly with Auditor of State's Local Government Services Division to identify and correct reconciliation issues and improve the offices policies and procedures related to cash book management. The Treasurer's office will endeavor to finalize the necessary adjustments to the cash book for these prior non-reconciled issues prior to the 2014 audit.

PICKAWAY COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2013
(Continued)

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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TANF Eligibility – Non-compliance and Material Weakness

Finding Number	2013-003
CFDA Title and Number	#93.558 Temporary Assistance of Needy Families
Federal Award Number / Year	2013
Federal Agency	U.S. Department of Health and Human Services
Pass-Through Agency	Ohio Department of Job and Family Services

45 CFR 260.20 outlines the following purposes of the Temporary Assistance for Needy Families (TANF) program:

- To provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives.
- To end the dependence of needy parents on government benefits by promoting job preparation, work, and marriage.
- To prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies.
- To encourage the formation and maintenance of two-parent families.

The Pickaway County JFS provides a program for eligible needy families in order to obtain financial assistance to help them become self-sufficient or to overcome barriers keeping the families from being self-sufficient called the Prevention, Retention, and Contingency (PRC) program. The PRC provides non-recurring, short term support to needy and low income families in Pickaway County and is administered TANF program funds. The support, which can lead to a family becoming self-sufficient, is directly related to one of the four purposes of the TANF program as defined in **45 CFR 260.20**.

To be eligible to receive PRC assistance, individuals must meet the eligibility requirements as stated in the County's PRC plan. The County JFS Income Maintenance Managers and/or JFS Director are responsible for reviewing and signing off on the PRC applications completed by the individual and caseworker to verify all appropriate eligibility verifications have been completed and the individual was appropriately deemed eligible. Ten out of the 13 PRC applications tested did not have approving signatures of management. The lack of appropriate reviews by management lead to one individual in 2013 receiving assistance of \$123 who should not have received assistance.

While the County JFS has a control in place to help facilitate compliance with PRC eligibility, the County JFS should determine the control is functioning as intended to help decrease the likelihood of non-compliance with eligibility requirements and individuals receiving assistance that is not eligible.

The County JFS should implement procedures to help ensure all PRC applications are reviewed and signed off by the Income Maintenance Managers and/or JFS Director to verify the individual applying for PRC assistance meets all the required eligibility requirements.

PICKAWAY COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2013
(Continued)

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)

Official's Response: Although ten (10) of thirteen (13) PRC applications did not have manager's signatures, the vouchers for these applications were reviewed and signed by the manager's. The vouchers were then forwarded to Fiscal for payment of the PRC application.

CDBG Cash Management 15 day Rule – Non-compliance and Material Weakness

Finding Number	2013-004
CFDA Title and Number	#14.228 Community Development Block Grant
Federal Award Number / Year	2011:B-F-11-1CH-1, B-W-11-1CH-1, B-C-11-1CH-1 2012: B-F-12-1CH-1 2013: B-F-13-1CH-1
Federal Agency	U.S. Department of Housing and Urban Development
Pass-Through Agency	State of Ohio Development Services Agency

24 C.F.R. Section 85.21(c) provides Grantees and subgrantees shall be paid in advance, provided they maintain or demonstrate the willingness and ability to maintain procedures to minimize the time elapsing between the transfer of the funds and their disbursement by the grantee or subgrantee. **Ohio Department of Development, Office of Housing and Community Partnerships' Financial Management Rules and Regulations Handbook, Section (A)(3)(f)**, further requires grantees to develop a cash management system to ensure compliance with the Fifteen Day Rule relating to prompt disbursement of funds. This rule provides that funds drawn down should be limited to amounts that will enable the grantee to disburse funds on hand to a balance of less than \$5,000 within fifteen days of receipt of any funds.

In 2013, the County did not disburse all Federal cash received from drawdown requests within the fifteen day requirement for two of thirty-one of the Community Development Block Grant drawdowns it received, in the amounts of \$5,503 and \$82,462. These funds were held 26 and 22 days respectively.

The County has controls in place over the collection of receipts and payment of expenditures; however these controls did not prevent non-compliance. Although the County held the monies for more than the allowable 15 day period, interest earned on these deposits were less than \$100.

We recommend the County adhere to the guidance provided in the Ohio Department of Development, Office of Housing and Community Partnerships' Financial Management Rules and Regulations Handbook, and ensure compliance with these requirements. Such a system of cash management will allow the County to disburse grant cash drawdowns to a balance of less than \$5,000 within fifteen days of receipt

Official's Response: The Pickaway County Commissioners will work to improve our policy which include advances and reimbursements between the general fund and the CDBG fund in an effort to achieve 100% compliance with the 15 day rule as opposed to the 94% compliance we had in 2013.

PICKAWAY COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2013
(Continued)

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)

Federal Schedule Adjustments- Non-Compliance

Finding Number	2013-005
CFDA Title and Number	#14.228 Community Development Block Grant
Federal Award Number / Year	2011:B-F-11-1CH-1, B-W-11-1CH-1, B-C-11-1CH-1 2012: B-F-12-1CH-1 2013: B-F-13-1CH-1
Federal Agency	U.S. Department of Housing and Urban Development
Pass-Through Agency	State of Ohio Development Services Agency

OMB Circular A-133 Subpart C, Section .310(B)(1)-(3) requires the auditee to prepare a Schedule of Federal Awards Expenditures for the period covered by the auditee's financial statements. At a minimum, the schedule shall provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.

The County did not prepare an accurate and complete Schedule. The following adjustments were made to the schedule prepared by the County in major Federal programs:

- To decrease expenditures for CFDA #14.228, Community Development Block Grant in the amount of \$242,792.

The following adjustments were made to the schedule prepared by the County in non-major Federal programs:

- To record CFDA #14.239, HOME Investment Partnership Program in the amount of \$242,792.
- To record CFDA # 20.106, Airport Improvement Grant in the amount of \$85,904
- To record CFDA # 97.036, Disaster Grants – Public Assistance (Presidentially Declared Disasters) - FEMA Grant of \$12,750.
- To decrease expenditures CFDA #97.042, Emergency Management Performance Grant by \$71,961
- To increase expenditures for CDFA # 97.067, Homeland Security Grant by \$29,727.
- To decrease expenditures for CFDA #97.039, Hazard Mitigation Grant by \$16,250.

The County's Schedule has been adjusted to accurately reflect Federal Awards Expenditures.

We recommend the County implement procedures to help ensure its Schedule of Federal Awards Expenditures is complete and accurate.

Official's Response: The Pickaway County Commissioners will review the process and procedures that are utilized for federal receipts and expenditures to ensure that they are properly classified in our financial system.

PICKAWAY COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2013
(Continued)

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)

Late Filing of Performance Report- Non-compliance

Finding Number	2013-006
CFDA Title and Number	#14.228 Community Development Block Grant
Federal Award Number / Year	2011: B-W-11-1CH-1
Federal Agency	U.S. Department of Housing and Urban Development
Pass-Through Agency	Ohio Department of Job and Family Services

24 CFR 135.90 provides each recipient which receives directly from HUD financial assistance that is subject to the requirements of this part shall submit to the Assistant Secretary an annual report in such form and with such information as the Assistant Secretary may request, for the purpose of determining the effectiveness of section 3 of the Housing and Urban Development Act of 1968, as amended (section 3). Where the program providing the section 3 covered assistance requires submission of an annual performance report, the section 3 report will be submitted with that annual performance report. If the program providing the section 3 covered assistance does not require an annual performance report, the section 3 report is to be submitted by January 10 of each year or within 10 days of project completion, whichever is earlier. All reports submitted to HUD in accordance with the requirements of this part will be made available to the public.

Additionally, the grant agreement for the 2011 Sewer CDBG project required the submission of a Final Performance Report requires the submission of performance reports within 30 days of the project closeout date. The project closeout date was November 30, 2013.

The County did not file its Final Performance report by the December 25, 2013 as required by state and federal sections above. The County received two notices from the Ohio Development Services Agency requesting the report. The final report was not reported until May 27, 2014, which was five months (153 days) after the date the report was due.

Failure to file the appropriate reports in accordance with the grant agreement can result in the loss of grant funds.

We recommend the County develop a calendar reminder system to help ensure they file their Final Performance Report on or before the deadline.

Official's Response: The Pickaway County Commissioners contracted with Kellogg Consulting Ltd. to provide housing and community development services related to the administration of this program. It was the contractor's responsibility to complete this report per the signed contract and they failed to do so in a timely manner. Once the Ohio Department of Development made the Commissioners aware of the failure to file, we contacted the contractor who completed the report for submittal.

PICKAWAY 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	A checklist will be completed by the managers will use to verify eligibility for the PRC before approving.	September 2014	Joy Ewing
2013-004	The County will use advances between the General fund and the CDBG fund in effort to achieve compliance	September 2014	Brad Lutz
2013-005	The County will contract with the Auditor of State in the next audit period to prepare the federal schedule on a consulting basis.	December 2014	Brad Lutz
2013-006	The County has obtained new grant consultants for next grant period.	August 2013	Brad Lutz

PICKAWAY 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>Explain</i>
2012-001	Finding for recovery- Public Monies Misappropriated	Yes	
2012-002	Cash Management – 15 day rule	No	Re-issued as Finding 2013-004
2012-003	Filing of Single Audit	Yes	

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Dave Yost • Auditor of State

FINANCIAL CONDITION

PICKAWAY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
OCTOBER 9, 2014