



Dave Yost • Auditor of State



**MONROE COUNTY**  
**TABLE OF CONTENTS**

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets .....	13
Statement of Activities.....	14
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	15
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	17
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual:	
General Fund.....	18
Public Assistance Fund .....	19
Maintenance Fund.....	20
Developmental Disabilities Fund .....	21
Community Development Block Grant Fund .....	22
Statement of Fund Net Assets – Proprietary Fund .....	23
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Fund.....	24
Statement of Cash Flows – Proprietary Fund.....	25
Statement of Fiduciary Assets and Liabilities – Agency Funds .....	26
Notes to the Basic Financial Statements .....	27
Federal Awards Expenditures Schedule.....	67
Notes to the Federal Awards Expenditures Schedule .....	71
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	73
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and On Internal Control Over Compliance Required By OMB Circular A-133 .....	75
Schedule of Findings – OMB Circular A-133 Section .505.....	77
Schedule of Prior Audit Findings – OMB Circular A-133 Section .315(b) .....	79

**This page intentionally left blank.**



# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Monroe County  
101 North Main Street  
Woodsfield, Ohio 43793

To the Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Monroe County, Ohio (the County), as of and for the year ended December 31, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Monroe County, Ohio as of December 31, 2011, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General, Public Assistance, Maintenance, Developmental Disabilities and Community Development Block Grant Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2012, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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



**Dave Yost**  
Auditor of State

September 10, 2012

## Monroe County, Ohio

### Management's Discussion and Analysis For the Year Ended December 31, 2011 Unaudited

---

Management's Discussion and Analysis (MD&A) provides the reader with a narrative overview and analysis of Monroe County's (the County) financial activities for the year ended December 31, 2011. The intent of this discussion and analysis is to look at the County's financial performance as a whole. The MD&A should be read in conjunction with the County's basic financial statements and notes to the basic financial statements to enhance their understanding of the County's financial performance.

#### Financial Highlights

Key financial highlights for 2011 are as follows:

- The County's total net assets increased by \$1,461,616 from the total net assets at the beginning of the year 2011.
- At the end of the current year, the County reported net assets for governmental activities of \$25,901,065. Of this amount, only \$1,154,249 is unrestricted and may be used to meet the County's ongoing obligations.
- The County had \$14,647,864 in expenses related to governmental activities; \$11,560,920 of these expenses were offset by program specific charges for services, grants, contributions, and interest. General revenues of \$4,682,834 were adequate enough to provide for these programs.
- At the end of the current year, the County's governmental funds reported a combined ending fund balance of \$6,351,958, an increase of \$561,815 from the prior year. Of this amount, \$418,798 is non-spendable, \$5,410,668 is restricted, \$300,258 is assigned, and \$222,234 is unassigned and available for spending on behalf of its citizens, as defined in Governmental Accounting Standards Board Statement (GASB) No. 54.
- At the end of the current year, unassigned fund balance for the General Fund was \$230,264 which represents 5.39 percent of total General Fund expenditures.

#### Using This Annual Financial Report

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

The *Statement of Net Assets* and the *Statement of Activities* provide information about the activities of the whole County, presenting an aggregate view of the County's finances as well as a longer-term view of those assets.

Fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the County's most significant funds in more detail than the government-wide statements. Nonmajor funds are presented separately from major funds in total and in one column.

#### 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 a private-sector business.

## Monroe County, Ohio

### Management's Discussion and Analysis For the Year Ended December 31, 2011 Unaudited

---

#### *Statement of Net Assets*

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

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

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

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

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

**Business-Type Activities** - These services are provided on a charge for goods or services basis to recover all or most of the cost of the services provided. The County's sole business-type activity is the Care Center.

#### *Fund Financial Statements*

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. Fund financial statements provide detailed information about the County's major funds. Based on the restriction on the use of moneys, the County has established many funds that account for the multitude of services provided to its residents. The County's major governmental funds are the General Fund and the Public Assistance, Maintenance, Developmental Disabilities, and Community Development Block Grant Special Revenue Funds.

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

## Monroe County, Ohio

### Management's Discussion and Analysis For the Year Ended December 31, 2011 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 on the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

**Proprietary Funds** - The County maintains one proprietary fund, the Care Center Enterprise Fund. Enterprise funds are used to report the same functions presented as business-type activities on the government-wide financial statements.

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

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

#### Government-Wide Financial Analysis

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

Table 1  
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>Assets:</b>						
Current and Other Assets	\$11,447,322	\$10,343,422	\$846,446	\$1,790,793	\$12,293,768	\$12,134,215
Capital Assets, Net	17,520,158	16,928,655	2,255,200	1,838,903	19,775,358	18,767,558
<b>Total Assets</b>	<b>28,967,480</b>	<b>27,272,077</b>	<b>3,101,646</b>	<b>3,629,696</b>	<b>32,069,126</b>	<b>30,901,773</b>
<b>Liabilities:</b>						
Current and Other Liabilities	2,310,481	2,169,671	325,402	594,077	2,635,883	2,763,748
Long-Term Liabilities	755,934	797,231	2,286,906	2,412,007	3,042,840	3,209,238
<b>Total Liabilities</b>	<b>3,066,415</b>	<b>2,966,902</b>	<b>2,612,308</b>	<b>3,006,084</b>	<b>5,678,723</b>	<b>5,972,986</b>
<b>Net Assets:</b>						
Invested in Capital Assets, Net of Related Debt	17,236,335	16,611,287	144,815	(390,598)	17,381,150	16,220,689
Restricted	7,510,481	6,857,216	0	0	7,510,481	6,857,216
Unrestricted	1,154,249	836,672	344,523	1,014,210	1,498,772	1,850,882
<b>Total Net Assets</b>	<b>\$25,901,065</b>	<b>\$24,305,175</b>	<b>\$489,338</b>	<b>\$623,612</b>	<b>\$26,390,403</b>	<b>\$24,928,787</b>

**Monroe County, Ohio**

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

---

As noted earlier, the County's net assets, when reviewed over time, may serve as a useful indicator of the County's financial position. In the case of the County, assets exceeded liabilities by \$26,390,403 (\$25,901,065 in governmental activities and \$489,338 in business-type activities) as of December 31, 2011. The change in net assets, an increase of \$1,461,616, represents approximately 5.9 percent increase from the prior year's balance. This immaterial change shows that the County has stabilized the programs that produce the above assets and liabilities.

A portion of the County's net assets, \$17,381,150 or 65.9 percent, reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The County uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. By far the next largest portion of the County's net assets, \$7,510,481 or 28.4 percent, represents resources that are subject to restrictions on how they can be used. The balance of unrestricted net assets (5.7 percent) is to be used to meet the County's ongoing obligations to citizens and creditors.

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

## Monroe County, Ohio

### Management's Discussion and Analysis For the Year Ended December 31, 2011 Unaudited

Table 2  
Change in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>Revenues:</b>						
<b>Program Revenues</b>						
Charges for Services	\$2,058,832	\$2,259,417	\$3,738,773	\$3,788,007	\$5,797,605	\$6,047,424
Operating Grants, Contributions, and Interest	8,833,428	8,725,211	0	0	8,833,428	8,725,211
Capital Grants and Contributions	668,660	1,256,374	0	250,000	668,660	1,506,374
<b>Total Program Revenues</b>	<b>11,560,920</b>	<b>12,241,002</b>	<b>3,738,773</b>	<b>4,038,007</b>	<b>15,299,693</b>	<b>16,279,009</b>
<b>General Revenues</b>						
Property Taxes	1,930,554	1,429,881	0	0	1,930,554	1,429,881
Permissive Sales Taxes	1,819,917	1,482,300	0	0	1,819,917	1,482,300
Intergovernmental	499,068	532,019	0	0	499,068	532,019
Investment Earnings	13,877	215,043	0	0	13,877	215,043
Miscellaneous	419,418	236,193	3,353	422	422,771	236,615
<b>Total General Revenues</b>	<b>4,682,834</b>	<b>3,895,436</b>	<b>3,353</b>	<b>422</b>	<b>4,686,187</b>	<b>3,895,858</b>
<b>Total Revenues</b>	<b>16,243,754</b>	<b>16,136,438</b>	<b>3,742,126</b>	<b>4,038,429</b>	<b>19,985,880</b>	<b>20,174,867</b>
<b>Program Expenses</b>						
<b>General Government</b>						
Legislative and Executive	1,891,491	1,768,172	0	0	1,891,491	1,768,172
Judicial	730,004	679,190	0	0	730,004	679,190
Public Safety	2,131,467	2,050,249	0	0	2,131,467	2,050,249
Public Works	4,168,100	3,947,620	0	0	4,168,100	3,947,620
Health	2,118,583	2,206,222	0	0	2,118,583	2,206,222
Human Services	3,180,162	2,937,349	0	0	3,180,162	2,937,349
Economic Development	412,784	1,049,965	0	0	412,784	1,049,965
Interest and Fiscal Charges	15,273	20,512	0	0	15,273	20,512
Care Center	0	0	3,876,400	3,998,484	3,876,400	3,998,484
<b>Total Expenses</b>	<b>14,647,864</b>	<b>14,659,279</b>	<b>3,876,400</b>	<b>3,998,484</b>	<b>18,524,264</b>	<b>18,657,763</b>
<b>Change in Net Assets</b>	<b>1,595,890</b>	<b>1,477,159</b>	<b>(134,274)</b>	<b>39,945</b>	<b>1,461,616</b>	<b>1,517,104</b>
<b>Net Assets Beginning of Year</b>	<b>24,305,175</b>	<b>22,828,016</b>	<b>623,612</b>	<b>583,667</b>	<b>24,928,787</b>	<b>23,411,683</b>
<b>Net Assets End of Year</b>	<b>\$25,901,065</b>	<b>\$24,305,175</b>	<b>\$489,338</b>	<b>\$623,612</b>	<b>\$26,390,403</b>	<b>\$24,928,787</b>

### Governmental Activities

Total revenues of the governmental activities increased by \$107,316 during 2011. The County's direct charges to users of governmental services made up \$2,058,832 or 12.67 percent of total governmental revenues. Operating grants, contributions, and restricted interest were the largest program revenues, accounting for \$8,833,428 or 54.38 percent of total revenues for governmental activities. This revenue source increased by \$108,217 during 2011. Capital grants and contributions showed the largest change from the prior year, a decrease of \$587,714. This decrease is the result of the discontinuance of federal ARRA and a decrease in Issue II funding. The major recipients of intergovernmental revenues were the Public Assistance, Maintenance, Developmental Disabilities, and Community Development Block Grant Special Revenue Funds.

**Monroe County, Ohio**

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

Permissive sales tax revenues account for \$1,819,917 or 11.2 percent of total governmental revenues. Another major component of general governmental revenues was property tax revenues, which accounted for \$1,930,554 or 11.9 percent of total governmental revenues. The County's human services programs accounted for \$3,180,162, or 21.7 percent of total expenses for governmental activities. Other major program expenses for governmental activities include public works programs, which accounted for \$4,168,100, or 28.5 percent of total expenses, and public safety programs, which accounted for \$2,131,467 or 14.6 percent of total expenses. The largest change in expenses occurred in the economic development program, a decrease of \$637,181. This decrease results from the County's community block grants activities.

**Business-Type Activities**

The net assets for business-type activities minimally decreased \$134,274 during 2011. Charges for services were the largest program revenue, accounting for \$3,738,773 or 99.9 percent of total business-type revenues.

Table 3, for governmental activities, indicates the total cost of services and the net cost of services for 2011, as compared to 2010. The Statement of Activities reflects the cost of program services and the charges for services, grants, contributions, and interest offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues, unrestricted intergovernmental revenues, and unrestricted interest earnings.

Table 3  
Governmental Activities

	<u>Total Cost of Services</u> <u>2011</u>	<u>Net Cost (Revenue) of Services</u> <u>2011</u>	<u>Total Cost of Services</u> <u>2010</u>	<u>Net Cost (Revenue) of Services</u> <u>2010</u>
General Government				
Legislative and Executive	\$1,891,491	\$784,177	\$1,768,172	\$1,016,370
Judicial	730,004	407,017	679,190	308,049
Public Safety	2,131,467	808,286	2,050,249	805,993
Public Works	4,168,100	(123,061)	3,947,620	(555,293)
Health	2,118,583	1,113,115	2,206,222	867,547
Human Services	3,180,162	257,319	2,937,349	(89,610)
Economic Development	412,784	(175,182)	1,049,965	44,709
Interest and Fiscal Charges	15,273	15,273	20,512	20,512
Total Expenses	<u>\$14,647,864</u>	<u>\$3,086,944</u>	<u>\$14,659,279</u>	<u>\$2,418,277</u>

## Monroe County, Ohio

### Management's Discussion and Analysis For the Year Ended December 31, 2011 Unaudited

Charges for services, operating and capital grants, contributions, and interest of \$11,560,920, or 78.9 percent of the total costs of services, were received and used to fund the governmental activities expenses of the County. The remaining \$3,086,944 in governmental expenses is funded by property and permissive sales taxes, non-restricted intergovernmental revenues, interest, and miscellaneous revenues.

#### Financial Analysis of County Funds

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

*Governmental Funds* - The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. Governmental Accounting Standards Board (GASB) Statement No. 54 established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of resources reported in governmental funds. In particular, unassigned fund balance may serve as a useful measure of the County's net resources available for spending at the end of the year.

As of December 31, 2011, the County's governmental funds reported a combined ending fund balance of \$6,351,958, an increase of \$561,815 in comparison with the prior year. Of that total ending fund balance, \$418,798 is non-spendable, \$5,410,668 is restricted, \$300,258 is assigned, and \$222,234 is unassigned, as defined in GASB Statement No. 54. Of the amount restricted, \$282,148 is restricted for court corrections, \$1,465,700 is restricted for roads and bridges, \$278,091 is restricted for human services, \$203,735 is restricted for community development, \$527,236 is restricted for public safety, \$1,932,474 is restricted for developmental disabilities, \$82,801 is restricted for health, and \$638,483 is restricted for other purposes.

The General Fund is the primary operating fund of the County. At the end of 2011, unassigned fund balance was \$230,264, while total fund balance was \$631,731. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 5.39 percent to total General Fund expenditures, while total fund balance represents 14.79 percent of that same amount. The fund balance increased from 2010 by \$88,179. Management is working hard to maintain expenditures and other financing uses at or below fixed revenue sources.

At the end of 2011, the Public Assistance Special Revenue Fund had a fund balance of \$142,302, in comparison to a fund balance of \$91,606 at the end of 2010. This increase in fund balance is a reflection of management trying to improve this fund and maintain the balance at a positive amount. State funding has a direct effect on the operations of this fund as management has to confine expenditures to the current revenue streams.

The fund balance of the Maintenance Special Revenue Fund at December 31, 2011 was \$1,642,782, a decrease of \$215,625 from the previous year. This minimal change is a direct result of this department matching projected revenue streams and spending levels. Due to this conservative budgeting, this department was able to maintain an adequate fund balance for carryover into the next year.

The fund balance of the Developmental Disabilities Special Revenue Fund at December 31, 2011 was \$1,935,719, an increase of \$163,289. This modest change is the result of decreased expenditures within this department.

## Monroe County, Ohio

### Management's Discussion and Analysis For the Year Ended December 31, 2011 Unaudited

The fund balance of the Community Development Block Grant Special Revenue Fund at December 31, 2011 was 308,123, a decrease of \$27,628 from the previous year. Operating grants received from the federal government are awarded on an expenditure driven basis that allows this program to match revenue streams and spending levels.

*Proprietary Funds* - The County maintains one proprietary fund, the Care Center Enterprise Fund. Enterprise funds are used to report functions presented as business-type activities on the government-wide financial statements. As of December 31, 2011, net assets for the County's enterprise fund were \$489,338. Of that total, \$344,523 represents unrestricted net assets that are available for spending at the County's discretion.

#### General Fund Budgetary Highlights

The County's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. By State statute, the Board of County Commissioners adopts a temporary operating budget for the County prior to the first day of January. The Board of County Commissioners adopts a permanent annual operating budget for the County prior to the first day of April.

During the course of 2011, the County amended its General Fund estimated revenues and appropriations, and the budgetary statements reflect both the original and final appropriation amounts. For the General Fund, original budgeted revenues were \$4,341,250 and final budgeted revenues were \$4,647,364. Original budgeted expenditures were \$4,506,081 and final budgeted expenditures were \$4,873,006. The ending fund balance was \$334,635 higher than the final budgeted amount of \$123,232.

#### Capital Assets and Debt Administration

*Capital Assets* - The County's capital assets for governmental and business-type activities as of December 31, 2011 were \$19,775,358 (net of accumulated depreciation). This includes land, infrastructure, buildings and improvements, and vehicles and equipment. Table 4 provides a comparison of capital assets as of the end of 2010 and 2011. In addition, Note 10 (Capital Assets) provides capital asset activity during 2011:

Table 4  
Capital Assets  
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$56,927	\$56,927	\$0	\$0	\$56,927	\$56,927
Construction in Progress	0	183,090	0	1,710,859	0	1,893,949
Infrastructure	12,948,059	12,332,153	0	0	12,948,059	12,332,153
Buildings and Improvements	1,735,422	1,813,549	2,255,200	128,044	3,990,622	1,941,593
Vehicles and Equipment	2,779,750	2,542,936	0	0	2,779,750	2,542,936
Total Capital Assets	<u>\$17,520,158</u>	<u>\$16,928,655</u>	<u>\$2,255,200</u>	<u>\$1,838,903</u>	<u>\$19,775,358</u>	<u>\$18,767,558</u>

*Long-Term Debt* - As of December 31, 2011, the County had total debt outstanding of \$2,465,254; \$283,823 in governmental activities and \$2,181,431 in business-type activities. Table 5 outlines the long-term debt held by the County during 2011 and 2010:

## Monroe County, Ohio

### Management's Discussion and Analysis For the Year Ended December 31, 2011 Unaudited

Table 5  
Long-Term Debt

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
General Obligation Bonds	\$194,027	\$207,427	\$2,181,431	\$2,304,494	\$2,375,458	\$2,511,921
Capital Leases	89,796	109,941	0	0	89,796	109,941
Total Long-Term Debt	<u>\$283,823</u>	<u>\$317,368</u>	<u>\$2,181,431</u>	<u>\$2,304,494</u>	<u>\$2,465,254</u>	<u>\$2,621,862</u>

In addition to the above debt, the County's long-term obligations include compensated absences. Additional information on the County's long-term debt can be found in Note 16 of this report. The County's total unvoted legal debt margin at December 31, 2011, is \$2,916,721.

#### Economic Factors

The County is currently stable financially. Department heads are continuing to remain within their appropriated budgets for the year.

The various economic factors were considered in the preparation of the County's 2011 budget, and will be considered in the preparation of future budgets. Appropriate measures will be taken to ensure spending is within available resources.

#### Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Pandora Neuhart, Monroe County Auditor, 101 North Main Street, Room 22, Woodsfield, Ohio 43793.

**This page intentionally left blank.**

**Monroe County, Ohio**  
**Statement of Net Assets**  
**December 31, 2011**

	Primary Government		
	Governmental Activities	Business - Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$5,438,350	\$170,214	\$5,608,564
Cash and Cash Equivalents with Fiscal Agents	357,793	0	357,793
Property Taxes Receivable	1,353,684	0	1,353,684
Accounts Receivable	183,995	594,221	778,216
Interest Receivable	14,633	0	14,633
Internal Balances	34,492	(34,492)	0
Intergovernmental Receivable	3,088,521	0	3,088,521
Prepaid Items	83,805	7,074	90,879
Sales Taxes Receivable	575,677	0	575,677
Loans Receivable	104,388	0	104,388
Materials and Supplies Inventory	211,984	38,383	250,367
Deferred Charges	0	71,046	71,046
Non-Depreciable Capital Assets	56,927	0	56,927
Depreciable Capital Assets, Net	17,463,231	2,255,200	19,718,431
<i>Total Assets</i>	<u>28,967,480</u>	<u>3,101,646</u>	<u>32,069,126</u>
<b>Liabilities</b>			
Accounts Payable	417,270	154,415	571,685
Accrued Wages Payable	192,205	72,611	264,816
Contract Payable	200,000	0	200,000
Intergovernmental Payable	342,743	89,764	432,507
Accrued Interest Payable	8,546	8,612	17,158
Deferred Revenue	1,118,290	0	1,118,290
Notes Payable	31,427	0	31,427
Long-Term Liabilities:			
Due Within One Year	206,036	214,511	420,547
Due In More Than One Year	549,898	2,072,395	2,622,293
<i>Total Liabilities</i>	<u>3,066,415</u>	<u>2,612,308</u>	<u>5,678,723</u>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	17,236,335	144,815	17,381,150
Restricted for:			
Other Purposes	1,809,229	0	1,809,229
Capital Projects	91,710	0	91,710
Public Assistance	162,059	0	162,059
Road and Bridge Maintenance	2,541,664	0	2,541,664
Developmental Disabilities	2,038,640	0	2,038,640
Community Development	867,179	0	867,179
Unrestricted	1,154,249	344,523	1,498,772
<i>Total Net Assets</i>	<u>\$25,901,065</u>	<u>\$489,338</u>	<u>\$26,390,403</u>

See accompanying notes to the basic financial statements



**Monroe County, Ohio  
Balance Sheet  
Governmental Funds  
December 31, 2011**

	General	Public Assistance	Maintenance	Developmental Disabilities	Community Development Block Grant	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Equity in Pooled Cash and Cash Equivalents	\$530,934	\$278,231	\$1,121,824	\$1,600,482	\$163,034	\$1,725,224	\$5,419,729
Cash and Cash Equivalents with Fiscal Agents	0	0	0	357,793	0	0	357,793
Receivables:							
Property Taxes	775,824	0	0	577,860	0	0	1,353,684
Interest	14,633	0	0	0	0	60,398	75,031
Interfund	107,100	17,306	7,321	225	0	17,103	149,055
Accounts	120,769	0	2,630	198	0	0	123,597
Intergovernmental	210,993	104,291	1,557,351	123,263	625,100	467,523	3,088,521
Sales Taxes	575,677	0	0	0	0	0	575,677
Loans Receivable	0	0	0	0	104,388	0	104,388
Prepaid Items	63,939	8,411	3,151	540	0	7,764	83,805
Materials and Supplies Inventory	18,649	2,850	187,245	2,705	0	535	211,984
Restricted Cash and Cash Equivalents	18,621	0	0	0	0	0	18,621
<b>Total Assets</b>	<b>\$2,437,139</b>	<b>\$411,089</b>	<b>\$2,879,522</b>	<b>\$2,663,066</b>	<b>\$892,522</b>	<b>\$2,278,547</b>	<b>\$11,561,885</b>

**Liabilities and Fund Balances**

**Liabilities**

Accounts Payable	\$179,475	\$53,096	\$67,588	\$17,642	\$25,343	\$74,126	\$417,270
Interfund Payable	12,758	24,505	28,881	1,124	0	47,295	114,563
Contract Payable	0	0	0	0	0	200,000	200,000
Accrued Wages Payable	39,999	41,060	60,836	27,986	0	22,324	192,205
Intergovernmental Payable	194,574	45,835	45,083	29,323	0	27,928	342,743
Notes Payable	31,427	0	0	0	0	0	31,427
Deferred Revenue	1,347,175	104,291	1,034,352	651,272	559,056	215,573	3,911,719
<b>Total Liabilities</b>	<b>1,805,408</b>	<b>268,787</b>	<b>1,236,740</b>	<b>727,347</b>	<b>584,399</b>	<b>587,246</b>	<b>5,209,927</b>

**Fund Balances**

Nonspendable	101,209	11,261	190,396	3,245	104,388	8,299	418,798
Restricted	0	131,041	1,452,386	1,932,474	203,735	1,691,032	5,410,668
Assigned	300,258	0	0	0	0	0	300,258
Unassigned (Deficit)	230,264	0	0	0	0	(8,030)	222,234
<b>Total Fund Balances</b>	<b>631,731</b>	<b>142,302</b>	<b>1,642,782</b>	<b>1,935,719</b>	<b>308,123</b>	<b>1,691,301</b>	<b>6,351,958</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$2,437,139</b>	<b>\$411,089</b>	<b>\$2,879,522</b>	<b>\$2,663,066</b>	<b>\$892,522</b>	<b>\$2,278,547</b>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 17,520,158

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:

Property Taxes	235,394
Sales Taxes	273,933
Accrued Interest	14,633
Other/Accounts Receivable	128,181
Public Safety	(35,779)
Intergovernmental	2,177,067
<b>Total</b>	<b>2,793,429</b>

Long-term liabilities and accrued interest are not due and payable in the current period and therefore are not reported in the funds.

General Obligation Bonds	(194,027)
Capital Leases	(89,796)
Compensated Absences	(472,111)
Accrued Interest Payable	(8,546)
<b>Total</b>	<b>(764,480)</b>

**Net Assets of Governmental Activities**

**\$25,901,065**

See accompanying notes to the basic financial statements

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

	General	Public Assistance	Maintenance	Developmental Disabilities	Community Development Block Grant	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>							
Property Taxes	\$938,283	\$0	\$0	\$719,209	\$0	\$110,274	\$1,767,766
Permissive Sales Taxes	1,700,668	0	0	0	0	0	1,700,668
Intergovernmental	558,078	1,827,340	3,843,926	821,811	374,344	2,377,019	9,802,518
Interest	23,530	0	2,061	3,513	5,310	0	34,414
Licenses and Permits	6,033	0	0	0	0	53,804	59,837
Fines and Forfeitures	41,865	0	8,471	0	0	33,757	84,093
Rentals	390	0	0	0	0	2,599	2,989
Charges for Services	1,006,683	211,036	26,763	15,171	3,656	666,882	1,930,191
Contributions and Donations	185	0	0	0	0	9,307	9,492
Other	168,540	130,960	95,486	896	1,268	18,664	415,814
<i>Total Revenues</i>	<u>4,444,255</u>	<u>2,169,336</u>	<u>3,976,707</u>	<u>1,560,600</u>	<u>384,578</u>	<u>3,272,306</u>	<u>15,807,782</u>
<b>Expenditures</b>							
Current:							
General Government:							
Legislative and Executive	1,555,192	0	0	0	0	412,427	1,967,619
Judicial	635,226	0	0	0	0	70,527	705,753
Public Safety	1,381,287	0	0	0	0	661,250	2,042,537
Public Works	26,820	0	3,853,815	0	0	555,420	4,436,055
Health	520,725	0	0	1,372,351	0	342,409	2,235,485
Human Services	151,382	2,118,640	0	0	0	927,598	3,197,620
Economic Development	0	0	0	0	412,206	0	412,206
Capital Outlay	0	0	198,792	0	0	0	198,792
Debt Service:							
Principal Retirement	0	0	0	20,145	0	13,400	33,545
Interest and Fiscal Charges	1,687	0	0	4,815	0	9,853	16,355
<i>Total Expenditures</i>	<u>4,272,319</u>	<u>2,118,640</u>	<u>4,052,607</u>	<u>1,397,311</u>	<u>412,206</u>	<u>2,992,884</u>	<u>15,245,967</u>
<i>Excess of Revenues Over(Under)</i> <i>Expenditures</i>	<u>171,936</u>	<u>50,696</u>	<u>(75,900)</u>	<u>163,289</u>	<u>(27,628)</u>	<u>279,422</u>	<u>561,815</u>
<b>Other Financing Source (Use)</b>							
Transfers In	10,496	0	0	0	0	236,501	246,997
Transfers Out	(94,253)	0	(139,725)	0	0	(13,019)	(246,997)
<i>Total Other Financing Source (Use)</i>	<u>(83,757)</u>	<u>0</u>	<u>(139,725)</u>	<u>0</u>	<u>0</u>	<u>223,482</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	88,179	50,696	(215,625)	163,289	(27,628)	502,904	561,815
Fund Balances at Beginning of Year - Restated (See Note 3)	<u>543,552</u>	<u>91,606</u>	<u>1,858,407</u>	<u>1,772,430</u>	<u>335,751</u>	<u>1,188,397</u>	<u>5,790,143</u>
<i>Fund Balances at End of Year</i>	<u>\$631,731</u>	<u>\$142,302</u>	<u>\$1,642,782</u>	<u>\$1,935,719</u>	<u>\$308,123</u>	<u>\$1,691,301</u>	<u>\$6,351,958</u>

See accompanying notes to the basic financial statements

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

**Net Change in Fund Balances - Governmental Funds** \$561,815

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

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

Capital Asset Additions	1,398,667	
Current Year Depreciation	(807,164)	
Total	591,503	591,503

Revenues and expenses in the statement of activities that do not provide current financial resources are not reported as revenues and expenditures in the funds:

Property Taxes	162,788	
Intergovernmental	178,262	
Sales Taxes	119,249	
Charges for Services	(17,624)	
Licenses and Permits	(654)	
Interest	(9,653)	
Public Safety	(35,779)	
Other	3,604	
Total	400,193	400,193

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 33,545

Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of activities. 1,082

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

Compensated Absences Payable	7,752	
	7,752	

**Change in Net Assets of Governmental Activities** **\$1,595,890**

See accompanying notes to the basic financial statements

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$991,015	\$991,015	\$925,640	(\$65,375)
Permissive Sales Taxes	1,497,000	1,497,000	1,624,769	127,769
Intergovernmental	410,300	537,402	569,198	31,796
Charges for Services	1,127,959	1,127,959	1,067,446	(60,513)
Fines and Forfeitures	64,500	44,500	42,469	(2,031)
Licenses and Permits	1,200	21,200	6,058	(15,142)
Interest	110,000	110,000	121,418	11,418
Rent	360	360	390	30
Contributions and Donations	600	600	185	(415)
Other	126,820	286,517	60,167	(226,350)
<i>Total Revenues</i>	4,329,754	4,616,553	4,417,740	(198,813)
<b>Expenditures</b>				
Current:				
General Government:				
Legislative and Executive	1,476,388	1,632,540	1,453,926	178,614
Judicial	639,127	687,915	639,886	48,029
Public Safety	1,420,944	1,458,040	1,384,184	73,856
Public Works	15,000	26,958	26,820	138
Health	592,169	670,346	529,245	141,101
Human Services	167,900	195,241	153,569	41,672
Debt Service:				
Principal Retirement	13,711	22,711	13,711	9,000
Interest and Fiscal Charges	1,687	3,184	1,687	1,497
<i>Total Expenditures</i>	4,326,926	4,696,935	4,203,028	493,907
<i>Excess of Revenues Over (Under) Expenditures</i>	2,828	(80,382)	214,712	295,094
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Capital Assets	1,000	1,000	0	(1,000)
Advances In	0	0	1,436	1,436
Transfers In	10,496	29,811	10,496	(19,315)
Transfers Out	(179,155)	(174,635)	(116,215)	58,420
Advances Out	0	(1,436)	(1,436)	0
<i>Total Other Financing Sources (Uses)</i>	(167,659)	(145,260)	(105,719)	39,541
<i>Net Change in Fund Balance</i>	(164,831)	(225,642)	108,993	334,635
Fund Balance at Beginning of Year	313,760	313,760	313,760	0
Prior Year Encumbrances	35,114	35,114	35,114	0
<i>Fund Balance at End of Year</i>	\$184,043	\$123,232	\$457,867	\$334,635

See accompanying notes to the basic financial statements

**Monroe County, Ohio**  
**Statement of Revenues, Expenditures, and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**Public Assistance Fund**  
**For the Year Ended December 31, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges for Services	\$27,155	\$225,703	\$225,703	\$0
Intergovernmental	2,254,393	2,215,845	1,826,871	(388,974)
Other	100,000	190,000	131,340	(58,660)
<i>Total Revenues</i>	<u>2,381,548</u>	<u>2,631,548</u>	<u>2,183,914</u>	<u>(447,634)</u>
<b>Expenditures</b>				
Current:				
Human Services	2,548,754	2,836,074	2,129,168	706,906
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(167,206)</u>	<u>(204,526)</u>	<u>54,746</u>	<u>259,272</u>
<b>Other Financing Source (Use)</b>				
Transfers In	376,452	376,452	0	(376,452)
Transfers Out	(100,000)	(144,000)	0	144,000
<i>Total Other Financing Source (Use)</i>	<u>276,452</u>	<u>232,452</u>	<u>0</u>	<u>(232,452)</u>
<i>Net Change in Fund Balance</i>	109,246	27,926	54,746	26,820
Fund Balance at Beginning of Year	130,359	130,359	130,359	0
Prior Year Encumbrances Appropriated	58,134	58,134	58,134	0
<i>Fund Balance at End of Year</i>	<u>\$297,739</u>	<u>\$216,419</u>	<u>\$243,239</u>	<u>\$26,820</u>

See accompanying notes to the basic financial statements

**Monroe County, Ohio**  
**Statement of Revenues, Expenditures, and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**Maintenance Fund**  
**For the Year Ended December 31, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$3,340,000	\$3,340,000	\$3,870,679	\$530,679
Charges for Services	35,000	35,000	25,628	(9,372)
Fines and Forfeitures	7,700	7,700	8,471	771
Interest	7,500	7,500	2,026	(5,474)
Other	0	0	190,401	190,401
<i>Total Revenues</i>	<u>3,390,200</u>	<u>3,390,200</u>	<u>4,097,205</u>	<u>707,005</u>
<b>Expenditures</b>				
Current:				
Public Works	3,370,200	4,386,093	3,840,107	545,986
Capital Outlay	0	0	198,792	(198,792)
<i>Total Expenditures</i>	<u>3,370,200</u>	<u>4,386,093</u>	<u>4,038,899</u>	<u>347,194</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>20,000</u>	<u>(995,893)</u>	<u>58,306</u>	<u>1,054,199</u>
<b>Other Financing Source (Use)</b>				
Transfers In	100,000	100,000	21,962	(78,038)
Transfers Out	(120,000)	(140,000)	(139,725)	275
<i>Total Other Financing Source (Use)</i>	<u>(20,000)</u>	<u>(40,000)</u>	<u>(117,763)</u>	<u>(77,763)</u>
<i>Net Change in Fund Balance</i>	0	(1,035,893)	(59,457)	976,436
Fund Balance at Beginning of Year	<u>1,180,996</u>	<u>1,180,996</u>	<u>1,180,996</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$1,180,996</u></u>	<u><u>\$145,103</u></u>	<u><u>\$1,121,539</u></u>	<u><u>\$976,436</u></u>

See accompanying notes to the basic financial statements

**Monroe County, Ohio**  
**Statement of Revenues, Expenditures, and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**Developmental Disabilities Fund**  
**For the Year Ended December 31, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>Revenues</b>				
Property Taxes	\$530,000	\$530,000	\$708,373	\$178,373
Charges for Services	6,000	6,000	15,173	9,173
Intergovernmental	889,000	949,000	793,418	(155,582)
Interest	0	5,000	3,513	(1,487)
Other	0	1,524	896	(628)
<i>Total Revenues</i>	<u>1,425,000</u>	<u>1,491,524</u>	<u>1,521,373</u>	<u>29,849</u>
<b>Expenditures</b>				
Current:				
Health	1,453,040	1,523,000	1,386,625	136,375
Debt Service:				
Principal Retirement	20,145	20,145	20,145	0
Interest and Fiscal Charges	4,815	4,815	4,815	0
<i>Total Expenditures</i>	<u>1,478,000</u>	<u>1,547,960</u>	<u>1,411,585</u>	<u>136,375</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(53,000)</u>	<u>(56,436)</u>	<u>109,788</u>	<u>166,224</u>
<b>Other Financing Source (Use)</b>				
Transfers In	10,000	10,000	0	(10,000)
Transfers Out	<u>(30,000)</u>	<u>(30,000)</u>	<u>0</u>	<u>30,000</u>
<i>Total Other Financing Source (Use)</i>	<u>(20,000)</u>	<u>(20,000)</u>	<u>0</u>	<u>20,000</u>
<i>Net Change in Fund Balance</i>	(73,000)	(76,436)	109,788	186,224
Fund Balance at Beginning of Year	<u>1,830,617</u>	<u>1,830,617</u>	<u>1,830,617</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$1,757,617</u></u>	<u><u>\$1,754,181</u></u>	<u><u>\$1,940,405</u></u>	<u><u>\$186,224</u></u>

See accompanying notes to the basic financial statements

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Revenues</b>				
Loan Repayments	\$0	\$0	\$47,272	\$47,272
Charges for Services	50	50	3,656	3,606
Intergovernmental	486,000	781,400	329,300	(452,100)
Interest	0	0	5,317	5,317
Other	20,000	20,000	1,268	(18,732)
<i>Total Revenues</i>	<u>506,050</u>	<u>801,450</u>	<u>386,813</u>	<u>(414,637)</u>
<b>Expenditures</b>				
Current:				
Community and Economic Development	<u>515,300</u>	<u>901,031</u>	<u>414,581</u>	<u>486,450</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(9,250)</u>	<u>(99,581)</u>	<u>(27,768)</u>	<u>71,813</u>
<b>Other Financing Use</b>				
Transfers Out	<u>0</u>	<u>(3,543)</u>	<u>0</u>	<u>3,543</u>
<i>Net Change in Fund Balance</i>	(9,250)	(103,124)	(27,768)	75,356
Fund Balance at Beginning of Year	<u>190,801</u>	<u>190,801</u>	<u>190,801</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$181,551</u></u>	<u><u>\$87,677</u></u>	<u><u>\$163,033</u></u>	<u><u>\$75,356</u></u>

See accompanying notes to the basic financial statements

**Monroe County, Ohio**  
**Statement of Fund Net Assets**  
**Proprietary Fund**  
**December 31, 2011**

	Business-Type Activity
	Care Center
<b>Assets</b>	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$169,263
Accounts Receivable	594,221
Prepaid Items	7,074
Interfund Receivable	504
Materials and Supplies Inventory	38,383
Deferred Charges	71,046
<i>Total Current Assets</i>	880,491
Noncurrent Assets:	
Restricted Equity in Pooled Cash and Cash Equivalents	951
Depreciable Capital Assets, Net	2,255,200
<i>Total Noncurrent Assets</i>	2,256,151
<i>Total Assets</i>	3,136,642
<b>Liabilities</b>	
Current Liabilities:	
Accounts Payable	154,415
Accrued Wages Payable	72,611
Intergovernmental Payable	89,764
Accrued Interest Payable	8,612
Compensated Absences Payable	89,511
Current Portion of General Obligation Bonds Payable	125,000
Interfund Payable	34,996
<i>Total Current Liabilities</i>	574,909
Long-Term Liabilities (Net of Current Portion):	
Compensated Absences Payable	15,964
General Obligation Bonds Payable	2,056,431
<i>Total Long-Term Liabilities</i>	2,072,395
<i>Total Liabilities</i>	2,647,304
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	144,815
Unrestricted	344,523
<i>Total Net Asset</i>	\$489,338

See accompanying notes to the basic financial statements

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

	Business-Type Activity
	Care Center
<b>Operating Revenues</b>	
Charges for Services	\$3,738,773
Other	3,353
<i>Total Operating Revenues</i>	<i>3,742,126</i>
<b>Operating Expenses</b>	
Personal Services	2,285,350
Contractual Services	892,368
Materials and Supplies	410,749
Depreciation	83,727
Other	96,913
<i>Total Operating Expenses</i>	<i>3,769,107</i>
<i>Operating Loss</i>	<i>(26,981)</i>
<b>Non-Operating Expense</b>	
Interest and Fiscal Charges	(107,293)
<i>Change in Net Assets</i>	<i>(134,274)</i>
Net Assets Beginning of Year	623,612
<i>Net Assets End of Year</i>	<i>\$489,338</i>

See accompanying notes to the basic financial statements

**Monroe County, Ohio**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**For the Year Ended December 31, 2011**

	Business-Type Activity
	Care Center
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$3,608,048
Cash Payments for Employee Services and Benefits	(2,294,662)
Cash Payments for Goods and Services	(1,602,490)
Cash Received from Other Operating Sources	3,353
Other Operating Expenses	(67,804)
<i>Net Cash Used for Operating Activities</i>	<i>(353,555)</i>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Principal Paid on General Obligation Bonds	(120,000)
Interest and Fiscal Charges Paid on General Obligation Bonds	(106,769)
Payments for Capital Acquisitions	(500,024)
<i>Net Cash Used for Capital and Related Financing Activities</i>	<i>(726,793)</i>
<i>Net Decrease in Cash and Cash Equivalents</i>	(1,080,348)
Cash and Cash Equivalents Beginning of Year	1,250,562
<i>Cash and Cash Equivalents End of Year</i>	<i>\$170,214</i>
<b>Reconciliation of Operating Loss to Net Cash Used for Operating Activities</b>	
Operating Loss	(\$26,981)
Adjustments:	
Depreciation	83,727
Changes in Assets and Liabilities:	
Increase in Accounts Receivable	(130,509)
Increase in Materials and Supplies Inventory	(10,483)
Increase in Prepaid Items	(3,749)
Increase in Interfund Receivable	(216)
Increase in Accounts Payable	34,876
Decrease in Accrued Wages Payable	(1,699)
Decrease in Compensated Absences Payable	(2,038)
Decrease in Contracts Payable	(122,870)
Decrease in Retainage Payable	(175,751)
Increase in Interfund Payable	5,009
Decrease in Intergovernmental Payable	(2,871)
<i>Net Cash Used for Operating Activities</i>	<i>(\$353,555)</i>

See accompanying notes to the basic financial statements

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

<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$1,012,730
Cash and Cash Equivalents in Segregated Accounts	118,044
Investments in Segregated Accounts	110,253
Receivables:	
Property Taxes	13,804,824
Accounts Receivable	81,459
Intergovernmental	<u>1,922,699</u>
<i>Total Assets</i>	<u><u>\$17,050,009</u></u>
<b>Liabilities</b>	
Intergovernmental Payable	\$16,770,823
Deposits Held and Due to Others	119,359
Undistributed Monies	<u>159,827</u>
<i>Total Liabilities</i>	<u><u>\$17,050,009</u></u>

See accompanying notes to the basic financial statements

## Monroe County, Ohio

### Notes to the Basic Financial Statements December 31, 2011

#### NOTE 1 - REPORTING ENTITY

Established in 1813, Monroe County, Ohio (the County), is governed by a board of three commissioners elected by the voters of the County. Other officials elected by the voters of the County who manage various segments of the County's operations are the County Auditor, County Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, a County Court Judge, and a Common Pleas-Juvenile-Probate 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 chief administrators of public services for the County, including each of these departments.

#### 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.

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the program's governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organization; or (2) the County is legally entitled to or can access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Component units may also include organizations for which the County approves the budget, the levying of taxes, or the issuance of debt. The Monroe Adult Crafts Organization, Inc. (Workshop) was previously presented as a component unit of the County. However, for 2011, this component unit's activity was considered immaterial and thus excluded from the financial statements.

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

Monroe County Agricultural Society  
Monroe County Historical Society

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

Monroe County General Health District (District) - The District is a separately elected governing body that is legally separate. The five-member Board of Directors which oversees the operation of the District is elected by a District Advisory Council comprised of township trustees, mayors of participating municipalities, and members of the District, and approves the District's budget; however, this oversight is ministerial. The County will report the District and its activity will be reported as an agency fund.

## Monroe County, Ohio

### Notes to the Basic Financial Statements December 31, 2011

---

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

The Monroe County Regional Planning Commission, Monroe County Family and Children First Council, and the Monroe County Park District are presented as agency funds of the County because the County Auditor is the fiscal agent for these organizations.

The County participates in the following organizations which are defined as jointly governed organizations. Additional financial information concerning the jointly governed organizations is discussed in Note 19.

Buckeye Hills-Hocking Valley Regional Development District  
Joint Solid Waste District  
Guernsey-Monroe-Noble Community Action Corporation (GMN)  
Southeast Ohio Juvenile Rehabilitation District (SOJRD)  
Belmont, Harrison, and Monroe Counties Cluster  
Mental Health Recovery Board  
South Eastern Narcotics Team (SENT)  
Monroe County Family and Children First Council  
Buckeye Hills Resource Conservation and Development Project  
Mid Eastern Ohio Regional Council of Governments (MEORC)  
Ohio Valley Employment Resource

The County is associated with the following organizations which are defined as related organizations. Additional financial information concerning the related organizations is presented in Note 20.

Monroe County District Public Library  
Monroe County Community Improvement Corporation (CIC)  
Monroe County Emergency Medical Service

The County is associated with the County Risk Sharing Authority, Inc. (CORSA) and the County Commissioners Association of Ohio Workers' Compensation Group Rating Plan which are defined as public entity pools. Additional information concerning these organizations is presented in Note 21.

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

## Monroe County, Ohio

### Notes to the Basic Financial Statements December 31, 2011

---

#### A. Basis of Presentation

The County's basic financial statements consist of government-wide statements, including a Statement of Net Assets and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

***Government-wide Financial Statements*** The Statement of Net Assets and the Statement of Activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the County that are governmental and those that are considered business-type activities.

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

***Fund Financial Statements*** During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. 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 - The General Fund accounts for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the County for any purpose provided it is expended or transferred according to the general laws of Ohio.

## Monroe County, Ohio

### Notes to the Basic Financial Statements December 31, 2011

---

Public Assistance Fund - The Public Assistance Fund accounts for various federal and state grants used to provide public assistance to general relief recipients and to pay their providers of medical assistance and certain public social services.

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

Developmental Disabilities Fund - The Developmental Disabilities Fund accounts for expenditures that benefit the developmentally disabled. Revenue sources include a County-wide property tax levy and federal and state grants.

Community Development Block Grant Fund - To account for revenue from the federal government used for a revolving loan program and for improvements to targeted areas within the County.

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

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

Enterprise Funds - Enterprises funds may be used to account for any activity for which a fee is charged to external users for goods and services. The County reports the following major enterprise fund:

Care Center Fund - The Care Center Fund accounts for activity associated with the operation of a nursing home and rehabilitation center. Revenues are derived from patients and other non-operating sources. Expenses are for operating and capital related financing activities from the operation of the center.

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

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

#### C. Measurement Focus

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

## Monroe County, Ohio

### Notes to the Basic Financial Statements December 31, 2011

---

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

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

#### D. Basis of Accounting

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

***Revenues - Exchange and 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 year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the County, available means expected to be received within sixty days of year-end.

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

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

## Monroe County, Ohio

### Notes to the Basic Financial Statements December 31, 2011

---

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

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

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

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

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

#### E. Budgetary Process

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

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

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

#### F. Cash and Cash Equivalents

Cash balances of the County's funds, except cash held by a trustee, fiscal agent, or held in segregated accounts, are pooled and invested in short-term investments in order to provide improved cash management. During 2011, investments were limited to non-participating certificates of deposit, negotiable certificates of deposit, and STAROhio.

## Monroe County, Ohio

### Notes to the Basic Financial Statements December 31, 2011

---

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Non-participating investment contracts are reported at cost or amortized cost. STAROhio is an investment pool managed by the State Treasurer's office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does not operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940.

Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 2011. Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the County are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

Interest revenue is distributed to the funds according to the Monroe County Prosecutor's interpretation of Ohio constitutional and statutory requirements. Interest revenue credited to the General Fund during 2011 amounted to \$23,530 which includes \$22,462 assigned from other County funds.

#### G. Restricted Assets

Restricted cash and cash equivalents in the General Fund represent the amount of unclaimed monies not available for appropriation. The proprietary statement of net assets is also showing restricted cash and cash equivalents resulting from unspent debt proceeds relating to bond issuances.

#### H. Receivables and Payables

Receivables and payables are recorded on the County's financial statements to the extent that the amounts are determined material and substantiated not only by supporting documentation, but also, by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectibility. Using these criteria, the County has elected to not record child support arrearages. These amounts, while potentially significant, are not considered measurable, and because collections are often significantly in arrears, the County is unable to determine a reasonable value.

#### I. Inventory of Supplies

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used.

On fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. 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 fund types when purchased. Inventories of the enterprise funds are expenses when used.

#### J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2011, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

# Monroe County, Ohio

## Notes to the Basic Financial Statements December 31, 2011

### K. Interfund Balances

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

### L. Capital Assets

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

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 \$10,000 for buildings, improvements, equipment and vehicles and \$15,000 for infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not. Interest costs incurred during the construction of capital assets utilized by the enterprise funds are also capitalized.

All reported capital assets are depreciated except for land, land improvements, and construction in progress. Improvements are depreciated or amortized 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
Infrastructure	25-75 Years	25-75 Years
Buildings and Improvements	10-50 Years	10-50 Years
Vehicles and Equipment	4-20 Years	4-20 Years

Infrastructure consisting of roads and bridges are capitalized and includes infrastructure acquired prior to the implementation of Governmental Accounting Standards Board Statement No. 34.

### M. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributable to services already rendered and it is probable the County will compensate the employees for the benefits through paid time off or some other means. The County records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. Sick leave benefits are accrued as a liability using the vesting method.

## Monroe County, Ohio

### Notes to the Basic Financial Statements December 31, 2011

---

The liability includes the employees who are currently eligible to receive termination benefits and those the County has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee wage rates at year-end taking into consideration any limits specified in the County's termination policy. The County records a liability for sick leave for employees with twenty or more years of service at any age or 10 years of service at age 50.

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

On governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. 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 non-current portion of the liability is not reported. For enterprise funds, the entire amount of compensated absences is reported as a fund liability.

#### N. Accrued Liabilities and Long-Term Obligations

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

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

#### O. Fund Balance

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

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

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

## Monroe County, Ohio

### Notes to the Basic Financial Statements December 31, 2011

---

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

**Committed** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the County Commissioners. Those committed amounts cannot be used for any other purpose unless the Commissioners removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by County Commissioners, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**Assigned** Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the County Commissioners or a County official delegated that authority by resolution or by State Statute.

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

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

#### P. Internal Activity

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities.

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

**Monroe County, Ohio**

**Notes to the Basic Financial Statements  
December 31, 2011**

---

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 non-operating 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. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets.

Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted net assets primarily include activities involving the upkeep of the County's roads and bridges, services for the handicapped and mentally retarded, and community development.

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

**R. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. Revenues and expenses not meeting these definitions are reported as non-operating.

**S. 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.

**T. Estimates**

The preparation of 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.

**Monroe County, Ohio**

**Notes to the Basic Financial Statements  
December 31, 2011**

**NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCES**

For 2011, the County has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" and Statement No. 59, "Financial Statements Omnibus".

GASB Statement No. 54 addresses the classification of governmental fund balance and clarifies the governmental fund type definitions. The implementation of this Statement resulted in the fund balance of governmental funds being assigned to the appropriate accounts as defined by the Statement which did not result in the restatement of total fund balance. The implementation of this Statement also resulted in one fund that was previously reported as a special revenue fund and is now combined with the General Fund.

GASB Statement No. 59 addresses significant practice issues that have arisen when accounting for financial instruments and external investment pools. The implementation of this statement did not result in any change to the County's financial statements.

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

	General	Community Development Block Grant	Other Governmental Funds
Fund Balance at December 31, 2010	\$504,367	\$0	\$1,563,333
Major Fund previously reported as nonmajor	0	335,751	(335,751)
GASB 54 Change in Fund Structure	39,185	0	(39,185)
Adjusted Fund Balance at December 31, 2010	\$543,552	\$335,751	\$1,188,397

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances.

The Statements of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual for the General Fund and each major special revenue fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are as follows:

- A. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

**Monroe County, Ohio**

**Notes to the Basic Financial Statements  
December 31, 2011**

---

- B. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
- C. Outstanding year-end encumbrances are treated as expenditures (budget basis) rather than as restricted, committed, or assigned fund balance.
- D. Unrecorded cash and prepaid items are reported on the balance sheet (GAAP basis), but not on the budgetary basis.
- E. Cash that is held by the agency funds on behalf of County funds on a budget basis are allocated and reported on the balance sheet (GAAP basis) in the appropriate County fund.

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

**Monroe County, Ohio**

**Notes to the Basic Financial Statements  
December 31, 2011**

Net Change in Fund Balances  
General and Major Special Revenue Funds

	General	Public Assistance	Maintenance	Developmental Disabilities	Community Development Block Grant
GAAP Basis	\$88,179	\$50,696	(\$215,625)	\$163,289	(\$27,628)
Net Adjustment for Revenue Accruals	(103,020)	14,578	120,533	(29,364)	2,228
Beginning of the Year:					
Unrecorded Cash	108,250	0	250	2,394	8
Agency Fund					
Cash Allocation	6,548	0	0	5,613	0
Prepaid Items	62,957	5,276	3,066	1,259	124
End of the Year:					
Unrecorded Cash	(19,102)	0	(285)	(1,421)	(1)
Agency Fund					
Cash Allocation	(19,191)	0	0	(16,449)	0
Prepaid Items	(63,939)	(8,411)	(3,151)	(540)	0
Net Adjustment for Expenditure Accruals	137,379	27,599	13,793	(14,993)	(2,499)
Transfers In	0	0	21,962	0	0
Transfers Out	(21,962)	0	0	0	0
Debt Service - Principal	(13,711)	0	0	0	0
Encumbrances	(53,395)	(34,992)	0	0	0
Budget Basis	<u>\$108,993</u>	<u>\$54,746</u>	<u>(\$59,457)</u>	<u>\$109,788</u>	<u>(\$27,768)</u>

**NOTE 5 - ACCOUNTABILITY AND COMPLIANCE**

**A. Accountability**

The Senior Citizens and 911 Special Revenue Funds had deficit fund balances in the amounts of \$2,328 and \$3,361, respectively, as of December 31, 2011. These deficits are due to the recognition of payables in accordance with generally accepted accounting principles. The General Fund provides operating transfers for these funds but only as cash is required, not as a deficit occurs.

# Monroe County, Ohio

## Notes to the Basic Financial Statements December 31, 2011

### B. Compliance

The following accounts had expenditures plus encumbrances in excess of appropriations contrary to Section 5705.41, Revised Code:

Fund Type/Fund	Excess
Maintenance Special Revenue Fund	
Capital Outlay	\$198,792
E-Squad Levy Special Revenue Fund	
Health	
Contractual Services	877

The County will more closely monitor budgetary procedures pertaining to violations of this nature in the future.

### NOTE 6 - DEPOSITS AND INVESTMENTS

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

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

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

1. United States Treasury Bills, Notes, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States, or any book entry, zero-coupon United States treasury security that is a direct obligation of the United States;
2. Bonds, notes, debentures, or any other obligations or securities entered into 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;

## Monroe County, Ohio

### Notes to the Basic Financial Statements December 31, 2011

---

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) above, and repurchase agreements secured by such obligations, provided that these investments are made only through eligible institutions;
7. The State Treasurer's investment pool (STAROhio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to simultaneously exchange similar securities or cash, equal value for equal value;
9. Up to twenty-five percent of the County's average portfolio in either of the following:
  - a. Commercial paper notes in entities incorporated under the laws of Ohio or any other State that have assets exceeding five hundred million dollars rated at the time of purchase, which are rated in the highest qualification established by two nationally recognized standard rating services, which do not exceed ten percent of the value of the outstanding commercial paper of the issuing corporation and which mature within 270 days after purchase;
  - b. Bankers acceptances eligible for purchase by the federal reserve system and which mature within 180 days after purchase;
10. Fifteen percent of the County's average portfolio in notes issued by U.S. corporations or by depository institutions that are doing business under authority granted by the U.S. provided that the notes are rated in the second highest or higher category by at least two nationally recognized standard rating services at the time of purchase and the notes mature within two years from the date of purchase;
11. No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service consisting exclusively of obligations guaranteed by the United States, securities issued by a federal government agency or instrumentality, and/or highly rated commercial paper;
12. One percent of the County's average portfolio in debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government.

## Monroe County, Ohio

### Notes to the Basic Financial Statements December 31, 2011

---

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

Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

#### Cash on Hand

At year-end, the County had \$284,628 in undeposited cash on hand which is included on the financial statements of the County as part of "Equity in Pooled Cash and Cash Equivalents."

#### Deposits

**Custodial Credit Risk** Custodial Credit Risk for deposits is the risk that in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year-end, \$1,854,835 of the County's bank balance of \$3,066,419 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the County to a successful claim by the FDIC.

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

At December 31, 2011, the County's Developmental Disabilities Special Revenue Fund had a cash balance of \$357,793 with MEORC, a jointly governed organization (see Note 19). The money is held by MEORC in a pooled account which is representative of numerous entities and therefore cannot be classified by risk under GASB Statement 40. Any risk associated with the cash and cash equivalents and investments for MEORC as a whole may be obtained from their audit report. To obtain financial information, write to the Mid East Ohio Regional Council, Cathy Henthorn, who serves as Associate Director of Business, 160 Columbus Road, Mt. Vernon, Ohio 43050.

#### Investments

As of December 31, 2011, the County had the following investments which are in the internal investment pool:

**Monroe County, Ohio**

**Notes to the Basic Financial Statements  
December 31, 2011**

	Fair Value	Maturity	Percent of Total Investments	Rating	Rating Agency
Negotiable Certificates of Deposit	\$3,337,054	2/7/2012-1/6/2016	100%	N/A	N/A
STAROhio	\$388,475	57 days	N/A	AAAm	S&P

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

**Credit Risk** STAROhio carries a rating of AAAm by Standard and Poor’s. Ohio law requires that STAR- Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market mutual fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. The County has no investment policy that would limit its investment choices other than what has been approved by State statute.

**Custodial Credit Risk** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The negotiable certificates of deposit are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty’s trust department or agency but not in the County’s name. The County has no investment policy dealing with investment custodial credit risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

**Concentration of Credit Risk** The County places no limit on the amount it may invest in any one issuer. The percentage of total investments is listed in the table above.

NOTE 7 - PROPERTY TAXES

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

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

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

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

## Monroe County, Ohio

### Notes to the Basic Financial Statements December 31, 2011

The full tax rate for all County operations for the year ended December 31, 2011, was \$8.10 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2011 property tax receipts were based are as follows:

Real Property	\$207,397,310
Public Utility Personal Property	<u>112,657,040</u>
Total Assessed Value	<u><u>\$320,054,350</u></u>

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

#### NOTE 8 - PERMISSIVE SALES AND USE TAXES

In 1967, in accordance with Section 5739.02 of the Revised Code, counties were authorized to levy an excise tax of 0.5% to 1-1/2%. The tax must be levied pursuant to a resolution of the County Commissioners and a copy of the resolution of the County Commissioners sent to the Tax Commissioner not later than 60 days prior to the effective date of the tax. The Tax Commissioner shall within forty-five days after the end of each month certify to the Director of Budget and Management the amount of the proceeds of such tax or taxes paid to the Treasurer of State during that month to be returned to the County. The Director then provides for payment to the County Treasurer on or before the twentieth day of the month in which the certification is made. The County Commissioners, adopted resolutions amounting to 1.5% for permissive sales tax as allowed by Sections 5739.02 and 5741.02, Revised Code.

The State Tax Commissioner certifies to the State Auditor 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. The Office of Budget and Management then has five days in which to draw the warrant payable to the County. Proceeds of the tax are credited entirely to the General Fund. Sales and use tax revenue in 2011 amounted to \$1,700,668.

#### NOTE 9 - RECEIVABLES

Receivables at December 31, 2011, consisted of taxes, interest, interfund, accounts (billings for user charged services), loans, and intergovernmental receivables arising from grants, entitlements and shared revenues. Management believes all receivables, with the exception of loans, are fully collectible within one year. A summary of the principal items of intergovernmental receivables follows:

Monroe County, Ohio

Notes to the Basic Financial Statements  
December 31, 2011

<u>Governmental Activities</u>	<u>Amount</u>
Property Tax Allocations	\$115,924
Local Government, Local Government Revenue Assistance, and Library and Local Governmental Support Subsidies	130,476
Motor Vehicle License Tax	429,080
Motor Vehicle Gas Tax	1,128,271
Indigent Defense	10,421
Community Development Block Grants	625,100
Youth Services Grants	26,969
DARE Grant	3,070
Public Assistance Grants and Subsidies	104,291
Monroe County Public Transportation Grants	10,225
Community Corrections Grants	37,248
Emergency Management Grants	71,411
Bulletproof Vest Grant	30,878
CSEA Grants and Subsidies	58,218
Children Services Grants and Subsidies	3,248
Miscellaneous Receivables	5,751
VWAP Grants	26,256
County Capital Improvement Grants	200,000
Developmental Disabilities State and Federal Grants	71,684
Total Governmental Activities	<u>\$3,088,521</u>

The Community Development Block Grant Special Revenue Fund reflects loans receivable of \$104,388. This amount is for the principal owed to the County for Federal Community Development Block Grant Program monies loaned to businesses for improvements. The loans bear interest at annual rates of three to five percent. These loans are to be repaid over the next five years.

NOTE 10 - CAPITAL ASSETS

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

**Monroe County, Ohio**

**Notes to the Basic Financial Statements  
December 31, 2011**

	Balance December 31, 2010	Additions	Reductions	Balance December 31, 2011
<b><u>Governmental Activities</u></b>				
Non-Depreciable Capital Assets:				
Land	\$56,927	\$0	\$0	\$56,927
Construction in Progress	183,090	0	(183,090)	0
Total Non-Depreciable Capital Assets	<u>240,017</u>	<u>0</u>	<u>(183,090)</u>	<u>56,927</u>
Depreciable Capital Assets:				
Infrastructure	18,413,419	1,147,187	(374,786)	19,185,820
Buildings and Improvements	3,393,898	0	0	3,393,898
Vehicles and Equipment	5,840,525	434,570	0	6,275,095
Total Depreciable Capital Assets	<u>27,647,842</u>	<u>1,581,757</u>	<u>(374,786)</u>	<u>28,854,813</u>
Accumulated Depreciation:				
Infrastructure	(6,081,266)	(531,281)	374,786	(6,237,761)
Buildings and Improvements	(1,580,349)	(78,127)	0	(1,658,476)
Vehicles and Equipment	(3,297,589)	(197,756)	0	(3,495,345)
Total Accumulated Depreciation	<u>(10,959,204)</u>	<u>(807,164) *</u>	<u>374,786</u>	<u>(11,391,582)</u>
Total Depreciable Capital Assets, Net	<u>16,688,638</u>	<u>774,593</u>	<u>0</u>	<u>17,463,231</u>
Governmental Capital Assets, Net	<u>\$16,928,655</u>	<u>\$774,593</u>	<u>(\$183,090)</u>	<u>\$17,520,158</u>

\*Depreciation expense was charged to governmental activities as follows:

Legislative and Executive	\$5,666
Judicial	5,108
Public Safety	157,272
Public Works	558,509
Health	43,115
Human Services	36,916
Economic Development	578
Total Depreciation Expense	<u>\$807,164</u>

**Monroe County, Ohio**

**Notes to the Basic Financial Statements  
December 31, 2011**

	Balance December 31, 2010	Additions	Reductions	Balance December 31, 2011
<b><u>Business - Type Activities</u></b>				
Non-Depreciable Capital Assets:				
Construction in Progress	\$1,710,859	\$500,024	(\$2,210,883)	\$0
Total Non-Depreciable Capital Assets	<u>1,710,859</u>	<u>500,024</u>	<u>(2,210,883)</u>	<u>0</u>
Depreciable Capital Assets:				
Buildings and Improvements	1,138,187	2,210,883		3,349,070
Vehicles and Equipment	24,942	0	0	24,942
Total Depreciable Capital Assets	<u>1,163,129</u>	<u>2,210,883</u>	<u>0</u>	<u>3,374,012</u>
Accumulated Depreciation:				
Buildings and Improvements	(1,010,143)	(83,727)	0	(1,093,870)
Vehicles and Equipment	(24,942)	0	0	(24,942)
Total Accumulated Depreciation	<u>(1,035,085)</u>	<u>(83,727)</u>	<u>0</u>	<u>(1,118,812)</u>
Total Depreciable Capital Assets, Net	<u>128,044</u>	<u>2,127,156</u>	<u>0</u>	<u>2,255,200</u>
Business - Type Activities Capital Assets, Net	<u>\$1,838,903</u>	<u>\$2,627,180</u>	<u>(\$2,210,883)</u>	<u>\$2,255,200</u>

**NOTE 11 - RISK MANAGEMENT**

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; employee injuries; and natural disasters. The County contracts with County Risk Sharing Authority, Inc. (CORSA) to address liability, auto, and crime insurance coverage. CORSA, a non-profit corporation sponsored by the County Commissioners Association of Ohio, was created to provide affordable liability, property, casualty, and crime insurance coverage for its members and was established May 12, 1987. Coverage is as follows:

General Liability	\$1,000,000 each occurrence
Law Enforcement Liability	\$1,000,000 each occurrence
Automobile Liability	\$1,000,000 each occurrence
Errors and Omissions Liability	\$1,000,000 each occurrence
Excess Liability	\$1,000,000 annual aggregate
	\$3,000,000 each occurrence
	\$3,000,000 annual aggregate
Medical and Professional Liability	\$4,000,000
	\$2,000,000 sublimit for County Home
Property Damage Liability	\$44,643,044
Equipment Breakdown	\$100,000,000
Crime	\$1,000,000
Uninsured/Underinsured Motorists	\$250,000
Attorney Disciplinary Proceedings	\$25,000 each occurrence
	\$25,000 annual aggregate
Bridges	\$609,240
EDP Media/Extra Expense	\$575,000

## Monroe County, Ohio

### Notes to the Basic Financial Statements December 31, 2011

---

The deductible on the above coverage for each occurrence is \$2,500.

Settlements have not exceeded coverage in any of the last three years. There has not been a significant reduction in coverage from the prior year.

For 2011, the County participated in the County Commissioners Association of Ohio Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool (see Note 21). The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate.

In order to allocate the savings derived by formation of the Plan, and to maximize the number of participants in the Plan, the Plan's executive committee annually calculates the total savings that accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the Plan is limited to counties that can meet the Plan's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control and actuarial services to the plan. Each year, the County pays an enrollment fee to the Plan to cover the costs of administering the program.

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

The County pays all elected official bonds by state statute.

#### NOTE 12 - DEFINED BENEFIT PENSION PLANS

##### A. Ohio Public Employees Retirement System

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

## Monroe County, Ohio

### Notes to the Basic Financial Statements December 31, 2011

---

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

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law enforcement and public safety employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in State and local divisions and 12 percent for law enforcement and public safety members. For the year ended December 31, 2011, members in state and local classifications contributed 10 percent of covered payroll while public safety and law enforcement members contributed 11 percent and 11.6 percent, respectively. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. For 2011, member and employer contribution rates were consistent across all three plans.

The County's 2011 contribution rate was 14 percent, except for those plan members in law enforcement or public safety, for whom the County's contribution was 18.1 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 4 percent for 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2011. Employer contributions rates are actuarially determined.

The County's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2011, 2010, and 2009 were \$706,933, \$509,605, and \$608,808 respectively. For 2011, 96 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2010 and 2009. Contributions to the Member-Directed Plan for 2011 were \$4,097 made by the County and \$2,927 made by the plan members.

#### B. State Teachers Retirement System

Plan Description - The County participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad Street, Columbus, Ohio 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

## Monroe County, Ohio

### Notes to the Basic Financial Statements December 31, 2011

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

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 dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For the fiscal year ended December 31, 2011, plan members were required to contribute 10 percent of their annual covered salaries. The County was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2010, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The County's required contributions for pension obligations to STRS Ohio for the years ended December 31, 2011, 2010, and 2009 were \$63,514, \$60,535, and \$61,540, respectively; 96 percent has been contributed for 2011 and 100 percent for years 2010 and 2009.

#### NOTE 13 - POST EMPLOYMENT BENEFITS

##### A. Ohio Public Employees Retirement System

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

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

## Monroe County, Ohio

### Notes to the Basic Financial Statements December 31, 2011

---

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

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

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

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2011, state and local government employers contributed at a rate of 14 percent of covered payroll, and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4 percent for 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2011.

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

The County's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2011, 2010, and 2009 were \$273,530, \$329,744 and \$419,548 respectively; 96 percent has been contributed for 2011 and 100 percent for 2010 and 2009.

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

## Monroe County, Ohio

### Notes to the Basic Financial Statements December 31, 2011

---

#### B. State Teachers Retirement System

Plan Description - The County contributes to the cost-sharing, multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The County's contributions for health care for the years ended December 31, 2011, 2010, and 2009 were \$4,886, \$4,657 and \$4,734, respectively; 96 percent has been contributed for 2011 and 100 percent has been contributed for 2010 and 2009.

#### NOTE 14 - OTHER EMPLOYEE BENEFITS

County employees earn vacation and sick leave at varying rates depending on length of service and department policy. The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Employees earn two to five weeks of vacation per year, depending on length of service. Vacation accumulation is limited to three years. All accumulated, unused vacation time is paid to eligible employees upon termination of employment.

Employees earn sick leave at the rate of 1.25 days per month of service. Sick leave accumulation is limited to 120 days. Upon retirement or death, an employee can be paid twenty-five percent of accumulated, unused sick leave.

#### NOTE 15-CAPITAL LEASES-LESSEE DISCLOSURE

Vehicles acquired by lease have been capitalized in government-wide statements governmental activities in the amount of \$154,200, which is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the government-wide statements as part of governmental activities. These governmental activities capitalized leased assets are reflected net of accumulated depreciation in the amount of \$123,360 at December 31, 2011. There were principal payments towards the vehicle of \$20,145. The lease is being repaid by the Developmental Disabilities Special Revenue Fund.

**Monroe County, Ohio**

**Notes to the Basic Financial Statements  
December 31, 2011**

Future minimum lease payments through 2015 for governmental activities are as follows:

Year Ending December 31,	Principal	Interest	Total
2012	\$21,027	\$3,933	\$24,960
2013	21,948	3,012	24,960
2014	22,909	2,051	24,960
2015	23,912	1,047	24,959
<b>Total</b>	<b>\$89,796</b>	<b>\$10,043</b>	<b>\$99,839</b>

**NOTE 16 - LONG-TERM OBLIGATIONS**

Changes in the County's long-term obligations during 2011 consist of the following:

	Outstanding 12/31//2010	Additions	Deletions	Outstanding 12/31//2011	Amounts Due Within One Year
<b>Governmental Activities:</b>					
General Obligation Bonds:					
1998 4.75% Senior Center - \$488,000	\$207,427	\$0	\$13,400	\$194,027	\$14,000
Capital Lease	109,941	0	20,145	89,796	21,027
Compensated Absences	479,863	185,103	192,855	472,111	171,009
<b>Total Governmental Activities</b>	<b>797,231</b>	<b>185,103</b>	<b>226,400</b>	<b>755,934</b>	<b>206,036</b>
<b>Business-Type Activities:</b>					
General Obligation Bonds:					
1995 Care Center Improvement Bonds - \$425,000 - 5.95%	170,000	0	30,000	140,000	30,000
2002 Care Center Improvement Term Bonds - 795,000 - 5.15%	380,000	0	25,000	355,000	30,000
Bond Discount	(10,499)	0	(884)	(9,615)	0
2009 County Care Center Serial Bonds - 710,000 - Variable Interest Rate	650,000	0	65,000	585,000	65,000
Bond Premium	74,993	0	3,947	71,046	0
2009 County Care Center Term Bonds - \$1,040,000 - Variable Interest Rate	1,040,000	0	0	1,040,000	0
Compensated Absences	107,513	114,078	116,116	105,475	89,511
<b>Total Business-Type Activities</b>	<b>2,412,007</b>	<b>114,078</b>	<b>239,179</b>	<b>2,286,906</b>	<b>214,511</b>
<b>Total Long-Term Obligations</b>	<b>\$3,209,238</b>	<b>\$299,181</b>	<b>\$465,579</b>	<b>\$3,042,840</b>	<b>\$420,547</b>

# Monroe County, Ohio

## Notes to the Basic Financial Statements December 31, 2011

### Governmental Activities

#### **General Obligation Bonds**

During 1998, the County issued \$488,000 in general obligation bonds that are direct obligations of the County for which its full faith and credit are pledged for repayment and will be repaid from the Debt Service Fund. These bonds were issued for the construction of a senior citizens facility. The final maturity date of the Senior Center Bonds is December 1, 2022.

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending December 31,	Principal	Interest	Total
2012	\$14,000	\$9,216	\$23,216
2013	14,700	8,551	23,251
2014	15,400	7,853	23,253
2015	16,100	7,122	23,222
2016	16,900	6,357	23,257
2017-2021	96,900	18,992	115,892
2022	20,027	951	20,978
Total	<u>\$194,027</u>	<u>\$59,042</u>	<u>\$253,069</u>

#### **Capital Lease**

The County has entered into a capital lease for vehicles. This lease will be repaid through the Developmental Disabilities Special Revenue Fund.

#### **Compensated Absences**

The County will pay compensated absences from the General Fund and the Public Assistance, Maintenance, Real Estate Assessment, Dog and Kennel, Child Support Enforcement Agency, Monroe County Public Transportation, Community Corrections, Emergency Management, and Developmental Disabilities Special Revenue Funds.

### Business-Type Activities

#### **General Obligation Bonds**

The 1995 and 2002 Care Center Improvement General Obligation Bonds were issued to provide funding for various repairs and improvements to the Care Center. These bonds will be paid from revenues derived from the operation of the Care Center. The 2002 bonds were sold at a discount that will be amortized over the life of the bonds using the straight-line method. The amount amortized during 2011 was \$884 leaving an unamortized balance at December 31, 2012 of \$9,615.

On November 12, 2009, the County issued \$1,750,000 in various interest rate general obligation bonds. The proceeds of these bonds were used to renovate the existing County Care Center. The bonds were sold at a premium of \$78,947 that will be amortized over the life of the bonds using the straight-line method. The amount amortized for 2011 was \$3,947 leaving an unamortized balance at December 31, 2011 of \$71,046. Issuance costs associated with the bond issue in the amount of \$78,947 are deferred and will be amortized over the life of the bonds using the straight-line method. The amount amortized during 2011 was \$3,947 leaving an unamortized balance at December 31, 2011 is \$71,046. These bonds are backed by the full faith and credit of the County and will be repaid from the Care Center Enterprise Fund revenues.

**Monroe County, Ohio**

**Notes to the Basic Financial Statements  
December 31, 2011**

General Obligation Bond debt service requirements to maturity are as follows:

Year Ending December 31,	Principal	Interest	Total
2012	\$125,000	\$102,457	\$227,457
2013	135,000	97,753	232,753
2014	135,000	92,591	227,591
2015	140,000	87,000	227,000
2016	105,000	82,240	187,240
2017-2021	570,000	344,867	914,867
2022-2026	535,000	202,950	737,950
2027-2029	375,000	45,600	420,600
<b>Total</b>	<b>\$2,120,000</b>	<b>\$1,055,458</b>	<b>\$3,175,458</b>

The term bonds maturing on December 1, 2024 are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

Year	Principal Amount to be Redeemed
2020	\$80,000
2021	\$85,000
2022	\$90,000
2023	\$95,000
<b>Total</b>	<b>\$350,000</b>

The remaining principal amount of such term bonds (\$100,000) will be paid at maturity on December 1, 2024.

The term bonds maturing on December 1, 2029 are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

Year	Principal Amount to be Redeemed
2025	\$105,000
2026	\$110,000
2027	\$120,000
2028	\$125,000
<b>Total</b>	<b>\$460,000</b>

The remaining principal amount of such term bonds (\$130,000) will be paid at maturity on December 1, 2024.

**Monroe County, Ohio**

**Notes to the Basic Financial Statements  
December 31, 2011**

**Compensated Absences**

The County will pay compensated absences from the Care Center Enterprise Fund.

The County's overall legal debt margin at December 31, 2011 was \$6,217,536.

NOTE 17 - NOTES PAYABLE

The following summarizes the note transactions for the year ended December 31, 2011:

	Interest Rate	Outstanding 12/31/2010	Issued	Retired	Outstanding 12/31/2011
<u>General Fund</u>					
\$45,000 Courthouse Renovation Notes-2009	4.75%	\$36,000	\$0	\$9,000	\$27,000
\$13,615 Maintenance Truck Promissory Note-2010	4.00%	9,138	0	4,711	4,427
Total General Fund		\$45,138	\$0	\$13,711	\$31,427

All notes were revenue anticipation notes and were backed by the full faith and credit of the County. These notes were issued for the purpose of courthouse renovations and the purchase of a maintenance truck.

NOTE 18 - INTERNAL BALANCES

Interfund balances at December 31, 2011 consist of the following individual fund receivables and payables:

Interfund Payable	Interfund Receivable						Total
	Major Funds						
	General	Public Assistance	Maintenance	Developmental Disabilities	Other Nonmajor Governmental	Care Center	
Major Funds							
General Fund	\$0	\$0	\$7,321	\$225	\$4,708	\$504	\$12,758
Public Assistance	16,640	0	0	0	7,865	0	24,505
Maintenance	28,881	0	0	0	0	0	28,881
Developmental Disabilities	0	0	0	0	1,124	0	1,124
Other Nonmajor Governmental	27,661	16,228	0	0	3,406	0	47,295
Care Center	33,918	1,078	0	0	0	0	34,996
Total All Funds	\$107,100	\$17,306	\$7,321	\$225	\$17,103	\$504	\$149,559

The above interfund receivables/payables are due to time lags between the dates interfund goods and services are provided, transactions recorded in the accounting system, and payments between funds were made. Also, interfund balances are the result of short-term loans. All amounts are expected to be repaid within one year.

**Monroe County, Ohio**

**Notes to the Basic Financial Statements  
December 31, 2011**

Interfund transfers during 2011 consisted of the following:

<u>Transfer from</u>	<u>Transfer To</u>		<u>Totals</u>
	<u>Major Funds</u>	<u>Other</u>	
	<u>General</u>	<u>Nonmajor Governmental</u>	
Major Funds:			
General Fund	\$0	\$94,253	\$94,253
Maintenance	0	139,725	139,725
Other Nonmajor Governmental	10,496	2,523	13,019
<b>Total All Funds</b>	<b>\$10,496</b>	<b>\$236,501</b>	<b>\$246,997</b>

Transfers were used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; to move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS**

- A. Buckeye Hills-Hocking Valley Regional Development District (District) - The District serves as the Area Agency on Aging for Monroe, Athens, Hocking, Meigs, Morgan, Noble, Perry, and Washington Counties. The District was created to foster a cooperative effort in regional planning, programming, and implementing plans and programs. The District is governed by a fifteen-member Board of Directors. The Board is comprised of one County Commissioner from each county, one member from the City of Athens, one member from the City of Marietta, four at-large members appointed from the ten government members, and one member from the minority sector. The Board has total control over budgeting, personnel, and all other financial matters.

The District administers County Community Development Block Grant and Issue II monies. During 2011, the County contributed \$3,482 to the District. The continued existence of the District is not dependent on the County's continued participation, and no equity interest exists. The District has no outstanding debt.

- B. Joint Solid Waste District (District) - The County is a member of the District, which is a jointly governed organization. The purpose of the District is to make disposal of waste in the six-county area more comprehensive in terms of recycling, incinerating, and land filling. The District was created in 1989 as required by the Ohio Revised Code.

The District is governed and operated through three groups. An eighteen member board of directors, comprised of three commissioners from each county, is responsible for the District's financial matters. Financial records were maintained by Muskingum County until May 1993 at which time Noble County assumed the responsibility. The District's sole revenue source is a waste disposal fee for in-district and out-of-district waste. Although the County contributed amounts to the District at the time of its creation, no contributions were received from the County in 2011. No future contributions by the County are anticipated.

## Monroe County, Ohio

### Notes to the Basic Financial Statements December 31, 2011

---

A forty-three member policy committee, comprised of seven members from each county and one at-large member appointed by the policy committee, is responsible for preparing the solid waste management plan of the District in conjunction with a Technical Advisory Council whose members are appointed by the policy committee. Continued existence of the District is not dependent on the County's continued participation. The County does not have an equity interest in or a financial responsibility for the District. The District has no outstanding debt.

- C. Guernsey-Monroe-Noble Community Action Corporation (GMN) - The GMN is a non-profit organization formed to plan, conduct, and coordinate programs designed to combat social and economic problems to help eliminate conditions of poverty within Guernsey, Monroe, and Noble counties. The GMN is governed by a fifteen-member Board of Directors which consists of three Commissioners from each county, three business owners from each county, and three low income individuals elected by each county. The three business owners are nominated by other local business owners and the three low income individuals are nominated by local town council meetings.

GMN received federal and state funding which is applied for and received by, and in the name of, the Board of Directors. Continued existence of GMN is not dependent on the County's continued participation nor does the County have an equity interest in the GMN. GMN is not accumulating significant financial resources and is not experiencing financial distress that may cause an additional financial benefit to or burden on the County.

During 2011, the County contracted with GMN to provide senior citizens services. Through this contract, the County is acting as fiscal agent for the collection and settlement of the senior citizens levy. The County is also annually paying all of the cost of the general obligation bonds used to build the senior citizen center.

- D. Southeast Ohio Juvenile Rehabilitation District (SOJRD) - SOJRD is a jointly-governed organization among Monroe, Belmont, Harrison, Guernsey, Jefferson, and Noble Counties. It was formed to operate a regional juvenile rehabilitation facility for the use of member counties, and to house and treat adjudicated, non-violent, felony offenders. The facility is operated and managed by SOJRD. The participating entities created a Judicial Rehabilitation Board, the members of which are made up of the juvenile court judges of each participating county, to determine policy.

A Board of Trustees has been created whose members are appointed by the Juvenile Court Judges, of whom Belmont and Jefferson Counties have three appointees, Guernsey County has two appointees, and Harrison, Monroe, and Noble Counties each have one appointee. The facility is located on property now owned by the Judicial Rehabilitation Board.

The Board is not dependent upon the County for its continued existence, no debt exists, and the County does not have equity interest in, or a financial responsibility for, the Board. Monroe County does not contribute monies directly to fund the district.

## Monroe County, Ohio

### Notes to the Basic Financial Statements December 31, 2011

---

- E. Belmont, Harrison, and Monroe Counties Cluster (Cluster) - The Cluster provides services to multi-need youth in Monroe, Belmont, and Harrison Counties. Members of the Cluster include the Belmont, Harrison, and Monroe Counties Mental Health and Recovery Board, the Children Services Board, the Belmont, Harrison, Monroe Crossroads Counseling Services, Student Services, Belmont-Harrison Juvenile District, the Superintendent of Public Instruction, and the Directors of Youth Services, Human Services, and Developmental Disabilities.

The operation of the Cluster is controlled by an Advisory Committee, which consists of a representative from each agency. The Cluster is not dependent upon the County for its continued existence, no debt exists, and the County does not have an equity interest in, or a financial responsibility for, the Cluster.

- F. Mental Health Recovery Board (Board) - The Board is responsible for delivery of comprehensive mental health and substance abuse services in Belmont, Harrison, and Monroe Counties. The Board provides no direct services but contracts for their delivery. The Board's function is to assess needs, and to plan, monitor, fund and evaluate the services. The Board is managed by eighteen members, six appointed by Commissioners of Belmont County, two each by Commissioners of Harrison and Monroe Counties and are proportionate to population, four by Ohio Department of Drug and Alcohol, and four by the State Department of Mental Health. Each participating county's influence is limited to the number of members each appoints to the Board. The Board exercises total control of the budgeting, appropriation, contract, and management. The Board is not dependent upon the County for its continued existence, no debt exists, and the County does not have an equity interest in, or a financial responsibility for, the Board. The County's 2011 contribution to the Board was \$6,000.

- G. South Eastern Narcotics Team (SENT) - SENT is a multi-jurisdictional drug task force with the primary goal of combating major narcotic traffickers in Monroe, Belmont, Carroll, Guernsey, Harrison, and Tuscarawas Counties. It is jointly governed among the participating counties and cities. A grant is received from the State of Ohio, which the participating entities must match at 25 percent. SENT is comprised of 32 members and each member's control over the operation of SENT is limited to its representation on the Board.

- H. Monroe County Family and Children First Council - The Monroe County Family and Children First Council is a jointly governed organization created under the Ohio Revised Code Section 121.37. The Council is comprised of the following members: Superintendent of Monroe Board of MR/DD, a designee from the Monroe County Health Department, Director of Monroe County Department of Job and Family Services, Superintendent of Switzerland of Ohio Local School District, Monroe County Commissioner, Mayor of the Village of Woodsfield, a representative from Ohio Department of Youth Services, a designee from the Mental Health and Recovery Board, Executive Director of GMN Tri-County CAC, a representative from GMN Tri-County, and three parent representatives. The continued existence of the Council is not dependent on the County's continued participation and no equity interest exists. The Council has no outstanding debt.

**Monroe County, Ohio**

**Notes to the Basic Financial Statements  
December 31, 2011**

---

- I. Buckeye Hills Resource Conservation and Development Project (Project) - The Project was organized to lead local efforts directed toward improving social and economic conditions of the Buckeye Hills RC&D Area through development, conservation, and proper use of all resources of the area. It serves Athens, Belmont, Fairfield, Hocking, Meigs, Monroe, Morgan, Noble, Perry, and Washington Counties. The Project is governed by an executive council. The Council is composed of one County Commissioner from each county, one member from the Soil and Water Conservation District of each county, a representative chosen jointly by the county commissioners and Soil and Water Conservation District of each county, a member from the Muskingum Watershed Conservancy District, and one member from the Rush Creek Conservancy District. The Council has total control over budgeting, personnel, and all other financial matters. During 2011, the Council received \$650 in dues from Monroe County. The continued existence of the District is not dependent on the County's continued participation and no equity interest exists.
- J. Mid East Ohio Regional Council of Governments (MEORC) - MEORC is a jointly governed organization which serves seventeen counties in Ohio. MEORC provides services to the mentally retarded and developmentally disabled residents in the participating counties. MEORC is made up of the superintendents of each county's Board of Developmental Disabilities. Revenues are generated by fees and state grants. Continued existence of MEORC is not dependent on the County's continued participation, and the County has no equity interest in or financial responsibility for MEORC. MEORC has no outstanding debt.
- K. Ohio Valley Employment Resource - The Ohio Valley Employment Resource is a jointly governed organization whereby the three county commissioners from Monroe, Noble, Morgan, and Washington Counties serve on the governing board. The Ohio Valley Employment Resource was formed for the purpose of creating and providing employment and training programs in response to local need, a part of which is implementation of the Workforce Investment Act, P.L. 105-220. The continued existence of the Ohio Valley Employment is not dependent on the County's continued participation and no equity interest exists. The Ohio Valley Employment Resource has no outstanding debt.

NOTE 20 - RELATED ORGANIZATIONS

- A. Monroe County District Public Library (Library) - The Library is statutorily created as a distinct political subdivision of the State of Ohio governed by a Board of Trustees consisting of seven members. The Monroe County Commissioners appoint four members, and the judges of the Monroe County Court of Common Pleas appoint three members. The County made no contributions to the Library during the year. The Board of Trustees possesses its own contracting and budgeting authority, hires personnel, and does not depend on the County for operational subsidies. Although the County does serve as taxing authority of the Library, this is strictly a ministerial function. Once the Board of Trustees has determined that a levy is necessary, its amount, and its duration, the County must place the levy before the voters. The Library may issue debt or the County may provide facilities for the Library through the issuance of debt if the voters agree. The Library currently has no outstanding debt.

## Monroe County, Ohio

### Notes to the Basic Financial Statements December 31, 2011

---

- B. Monroe County Community Improvement Corporation (CIC) – The CIC is a non-profit organization that was created under Ohio Revised Code Section 1724.04. Two-fifths of the governing board shall be mayors, county commissioners, or appointed or elected public officials. The remaining three-fifths of the sixteen member Board of Directors is comprised of volunteers. The CIC administers the County’s Revolving Loan Fund (RLF), established with Community Development Block Grant Funds. The RLF is used to make loans to small businesses for the purchase of buildings, machinery, and equipment as well as working capital.
- C. Monroe County Emergency Medical Service (EMS) – The EMS is a non-profit organization created under Ohio Revised Code Section 1702. The governing officers consist of a president, vice-president, secretary, and twelve trustees – two from each squad. The EMS furnishes emergency services to Monroe County and to such other political subdivisions that sign and have contracts with the Monroe County Commissioners. The EMS is to conduct an educational course or courses in emergency victim care and rescue to all members and coordinates with existing organizations for planning further education between various emergency rescue services.

#### NOTE 21 - PUBLIC ENTITY POOLS

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

The County Risk Sharing Authority, Inc. (CORSA) is a public entity shared risk pool 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 coverages provided by CORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance, and public officials’ errors and omissions liability insurance.

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

The County does not have an equity interest in or a financial responsibility for CORSA. Any additional premium or contribution amounts and estimates of losses are not reasonably determinable. The County’s payment for insurance to CORSA in 2011 was \$159,200.

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

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

**Monroe County, Ohio**

**Notes to the Basic Financial Statements  
December 31, 2011**

---

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

**NOTE 22 - RELATED PARTY TRANSACTIONS**

Monroe Adult Crafts Organization (MACO), an immaterial component unit of Monroe County, received contributions from the County for facilities, certain equipment, transportation, and salaries for administration, implementation, and supervision of its programs. These contributions are reflected as in-kind contributions and expenses at cost or fair market value, as applicable, in MACO's basic financial statements.

**NOTE 23 - FOOD STAMPS**

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

**NOTE 24 - CONTRACTUAL COMMITMENTS**

As of December 31, 2011, the County had no major contractual purchase/construction commitments.

**Monroe County, Ohio**

**Notes to the Basic Financial Statements  
December 31, 2011**

**NOTE 25 - FUND BALANCES**

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

		Public		Developmental	Community	Other	
Fund Balances	General	Assistance	Maintenance	Disabilities	Development Block Grant	Governmental Funds	Total
<b>Nonspendable:</b>							
Inventory	\$18,649	\$2,850	\$187,245	\$2,705	\$0	\$535	\$211,984
Prepays	63,939	8,411	3,151	540	0	7,764	83,805
<b>Long-Term</b>							
Receivables	0	0	0	0	104,388	0	104,388
<b>Unclaimed</b>							
Monies	18,621	0	0	0	0	0	18,621
<b>Total Nonspendable</b>	<b>101,209</b>	<b>11,261</b>	<b>190,396</b>	<b>3,245</b>	<b>104,388</b>	<b>8,299</b>	<b>418,798</b>
<b>Restricted to:</b>							
Court Corrections	0	0	0	0	0	282,148	282,148
Roads and Bridges	0	0	1,452,386	0	0	13,314	1,465,700
Human Services	0	131,041	0	0	0	147,050	278,091
<b>Community</b>							
Development	0	0	0	0	203,735	0	203,735
Public Safety	0	0	0	0	0	527,236	527,236
<b>Developmental</b>							
Disabilities	0	0	0	1,932,474	0	0	1,932,474
Health	0	0	0	0	0	82,801	82,801
Other Purposes	0	0	0	0	0	638,483	638,483
<b>Total Restricted</b>	<b>0</b>	<b>131,041</b>	<b>1,452,386</b>	<b>1,932,474</b>	<b>203,735</b>	<b>1,691,032</b>	<b>5,410,668</b>
<b>Assigned to:</b>							
Unpaid Obligations Subsequent Years'	52,369	0	0	0	0	0	52,369
Appropriations	247,889	0	0	0	0	0	247,889
<b>Total Assignend</b>	<b>300,258</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>300,258</b>
Unassigned (Deficit)	230,264	0	0	0	0	(8,030)	222,234
<b>Total Fund Balances</b>	<b>\$631,731</b>	<b>\$142,302</b>	<b>\$1,642,782</b>	<b>\$1,935,719</b>	<b>\$308,123</b>	<b>\$1,691,301</b>	<b>\$6,351,958</b>

**NOTE 26 - 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.

**Monroe County, Ohio**

**Notes to the Basic Financial Statements  
December 31, 2011**

---

Claims and lawsuits are pending against the County. Based upon information provided by the County's legal counsel, any potential liability and effect on the financial statements, if any, is not determinable at this time.

**This page intentionally left blank.**

**MONROE COUNTY**

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

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed through Ohio Department of Jobs and Family Services</i>			
Supplemental Nutrition Assistance Program:			
State Administrative Matching Grants	N/A	10.561	\$139,747
Total Supplemental Nutrition Assistance Program			<u>139,747</u>
<i>Passed Through Ohio Department of Education</i>			
Non-Cash Assistance (Food Distribution):			
National School Lunch Program	2011/2012	10.555	484
Cash Assistance:			
National School Lunch Program	2011/2012	10.555	<u>5,784</u>
Total National School Lunch Program			<u>6,268</u>
Total U.S. Department of Agriculture			146,015
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<i>Passed Through Ohio Department of Development</i>			
Community Development Block Grants - State's Program:			
Formula Grant	B-F-09-1BZ-1	14.228	15,986
	B-F-10-1BZ-1		308,258
Revolving Loan Program	N/A		<u>10,041</u>
Total Community Development Block Grant - State's Program			<u>334,285</u>
Total U.S. Department of Housing and Urban Development			334,285
<b>U.S. DEPARTMENT OF JUSTICE</b>			
<i>Passed Through Ohio Department of Public Safety</i>			
Edward Byrne Memorial Justice Assistance Grant Program:			
Prescription Drug Grant	2009-JG-OPD-3732	16.738	3,557
Tactical Equipment Upgrade	2010-JG-LLE-5313		<u>5,400</u>
Total Edward Byrne Memorial Justice Grant Program			<u>8,957</u>
Total U.S. Department of Justice			8,957
<b>U.S. DEPARTMENT OF LABOR</b>			
<i>Passed Through Workforce Investment Act Area 15</i>			
Workforce Investment Act (WIA) Cluster:			
WIA Adult Program:			
Adult	N/A	17.258	50,079
ARRA - Ohio Learning Account (OLA)	N/A		<u>3,069</u>
Total WIA Adult Programs			53,148
WIA Youth Activities:			
Youth	N/A	17.259	143,399
ARRA - Ohio Learning Account (OLA)	N/A		<u>8,787</u>
Total WIA Youth Activities			152,186
WIA Dislocated Workers:			
Waiting List Reduction	N/A	17.260	99,903
ARRA - Ohio Learning Account (OLA)	N/A		6,144
ARRA - On-The-Job Training National Emergency Grants	N/A		<u>358</u>
ARRA - WIA Dislocated Workers Subtotal			<u>6,502</u>
Total WIA Dislocated Workers			106,405
WIA Dislocated Workers Formula Grants	N/A	17.278	<u>32,217</u>
Total WIA Cluster			343,956
WIA National Emergency Grants	N/A	17.277	<u>93,435</u>
Total U.S. Department of Labor			437,391

**MONROE COUNTY**

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

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
<i>Passed Through Ohio Department of Transportation</i>			
Highway Planning and Construction	PID-80919	20.205	\$327,479
	PID-91477		198,792
	PID-88870		14,052
Total Highway Planning and Construction			<u>540,323</u>
Formula Grants for Other Than Urbanized Areas	RPT 4056-030101	20.509	13,465
	RPT 0056-030102		1,219
	RPT 4056-031111		108,177
	RPT 0056-131112		38,545
Total Formula Grants for Other Than Urbanized Areas			<u>161,406</u>
Total U.S. Department of Transportation			701,729
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through Ohio Department of Education</i>			
Special Education Cluster (IDEA):			
Special Education - Grants to States (IDEA, Part B)	066142-6BSF-2011	84.027	14,532
	066142-6BSF-2012		8,274
Total Special Education - Grants to States (IDEA, Part B)			<u>22,806</u>
Special Education-Preschool Grants (IDEA Preschool)	066142-PGS1-2011	84.173	2,224
	066142-PGS1-2012		1,184
Total Special Education - Preschool Grants (IDEA Preschool)			<u>3,408</u>
ARRA - Special Education - Grants to States (IDEA, Part B), Recovery Act	N/A	84.391	9,626
ARRA - Special Education - Preschool Grants (IDEA Preschool), Recovery Act	N/A	84.392	166
Total Special Education Cluster			36,006
<i>Passed Through Ohio Department of Health</i>			
Early Intervention Services (IDEA) Cluster:			
Special Education - Grants for Infants and Families	05610021HG0209	84.181	17,730
ARRA - Special Education - Grants for Infants and Families, Recovery Act	05610021HA0211	84.393A	6,554
Total Early Intervention Services (IDEA) Cluster			<u>24,284</u>
Total U.S. Department of Education			60,290
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<i>Passed Through Ohio Department of Mental Health</i>			
Promoting Safe and Stable Families	5AU-11-100-22-54	93.556	17,380
	5AU-12-100-22-57		8,669
Total Promoting Safe and Stable Families			<u>26,049</u>
<i>Passed Through Ohio Department of Developmental Disabilities</i>			
Social Services Block Grant	N/A	93.667	9,551
ARRA - Medical Assistance Program:			
Enhanced Federal Medicaid Participation (eFMAP):			
Targeted Case Management	N/A	93.778	268
Level One Waiver	N/A		4,546
Individual Options Waiver	N/A		2,598
ARRA - Medical Assistance Program			<u>7,412</u>

**MONROE COUNTY**

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

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)</b>			
<i>Passed through Ohio Department of Jobs and Family Services</i>			
Promoting Safe and Stable Families	G-1011-11-5086	93.556	\$11,178
Temporary Assistance for Needy Families (TANF)	G-1011-11-5086	93.558	603,651
Child Support Enforcement	G-1011-11-5086	93.563	151,444
Child Care and Development Cluster:			
Child Care and Development Block Grant	G-1011-11-5086	93.575	3,780
Child Care Mandatory and Matching Funds of the Child Care & Development Fund	G-1011-11-5086	93.596	11,208
Total Child Care and Development Cluster			<u>14,988</u>
Community-Based Child Abuse Prevention Grants	G-1011-11-5086	93.590	1,998
Foster Care-Title IV-E:			
Foster Care Title IV-E Administration	G-1011-11-5086	93.658	6,065
Foster Care Title IV-E	G-1011-11-5086		81,153
Total Foster Care-Title IV-E			<u>87,218</u>
Adoption Assistance Administration	G-1011-11-5086	93.659	15,325
Social Services Block Grant	G-1011-11-5086	93.667	165,203
Chafee Foster Care Independence Program	G-1011-11-5086	93.674	2,537
Medical Assistance Program	G-1011-11-5086	93.778	177,801
Total U.S. Department of Health and Human Services			<u>1,274,355</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
<i>Passed Through Ohio Department of Public Safety</i>			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	FEMA-4002-DR-111-99111	97.036	70,863
Emergency Management Performance Grants	2010-EP-00-0003	97.042	7,869
Homeland Security Grant Program:			
State Homeland Security Program	2008-GE-T8-0025	97.067	41,696
	2009-SS-T9-0089		28,023
Total Homeland Security Grant Program			<u>69,719</u>
Total U.S. Department of Homeland Security			<u>148,451</u>
<b>Total Federal Awards Expenditures</b>			<u><b>\$3,111,473</b></u>

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

**This page intentionally left blank.**

**MONROE COUNTY**

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

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - SUBRECIPIENTS**

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

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

**NOTE C - CHILD NUTRITION CLUSTER**

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

**NOTE D – FOOD DONATION PROGRAM**

The County reports commodities consumed on the Schedule at the fair value. The County allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

**NOTE E - 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. The federal Department of Housing and Urban Development (HUD) grants money for these loans to the County, passed through the Ohio Department of Development. 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 mortgages on the property and/or equipment located at various businesses.

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

Beginning loans receivable balance as of January 1, 2011	\$151,660
Loan principal repaid	47,272
Ending loans receivable balance as of December 31, 2011	<u>\$104,388</u>
Cash balance on hand in the revolving loan fund as of December 31, 2011	\$125,799
Administrative costs expended during 2011	10,041

**MONROE COUNTY**

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

**NOTE E - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS  
(Continued)**

The table above reports gross loans receivable. Of the loans receivable as of December 31, 2011, the County estimates \$0 to be uncollectible.

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

Monroe County  
101 North Main Street  
Woodsfield, Ohio 43793

To the Board of County Commissioners:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Monroe County, Ohio (the County), as of and for the year ended December 31, 2011, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 10, 2012, wherein we noted the County has adopted Governmental Accounting Standards Board Statement No. 54. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

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

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

### Compliance and Other Matters

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

743 East State Street, Athens Mall Suite B, Athens, Ohio 45701-2157  
Phone: 740-594-3300 or 800-441-1389 Fax: 740-594-2110  
[www.ohioauditor.gov](http://www.ohioauditor.gov)

Monroe County  
Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

We did note certain matters not requiring inclusion in this report that we reported to the County's management in a separate letter dated September 10, 2012.

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

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

**Dave Yost**  
Auditor of State

September 10, 2012



# Dave Yost • Auditor of State

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

Monroe County  
101 North Main Street  
Woodsfield, Ohio 43793

To the Board of County Commissioners:

### Compliance

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

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

In our opinion, the County complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2011.

### Internal Control Over Compliance

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

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

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

We noted a matter involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the County's management in a separate letter dated September 10, 2012.

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style with a large loop at the end of the last name.

**Dave Yost**  
Auditor of State

September 10, 2012

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

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Workforce Investment Act (WIA) Cluster – CFDA #17.258; #17.259; #17.260; and #17.278  Highway Planning and Construction – CFDA #20.205  Medical Assistance Program – CFDA #93.778  Temporary Assistance for Needy Families (TANF) – CFDA #93.558
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

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

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

None.

**3. FINDINGS FOR FEDERAL AWARDS**

None.

**MONROE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A-133 SECTION .315 (b)  
DECEMBER 31, 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2010-001	Ohio Rev. Code Section 5705.41(B), expenditures exceeded appropriations in the Maintenance and Issue II Funds' capital outlay line item.	No	Partially Corrected; Reported in the Management Letter.
2010-002	Material Weakness – Not posting on-behalf of monies to the accounting records as a receipt and expenditure.	No	Partially Corrected; Reported in the Management Letter.

**This page intentionally left blank.**



# Dave Yost • Auditor of State

## MONROE COUNTY FINANCIAL CONDITION

### MONROE COUNTY

#### CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
SEPTEMBER 25, 2012