



MEIGS COUNTY, OHIO

SINGLE AUDIT

For the Year Ended December 31, 2011

J.L. UHRIG
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS





Dave Yost • Auditor of State

Board of Commissioners
Meigs County
100 East Second Street
Pomeroy, Ohio 45769

We have reviewed the *Independent Auditor's Report* of Meigs County, prepared by J.L. Uhrig and Associates, Inc., for the audit period January 1, 2011 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Meigs County is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

September 12, 2012

This Page Left Intentionally Blank

MEIGS COUNTY, OHIO
Table of Contents
For the Year Ended December 31, 2011

Independent Auditor’s Report.....	1
Management’s Discussion and Analysis.....	3
Basic Financial Statements:	
<i>Government-Wide Financial Statements:</i>	
Statement of Net Assets – Cash Basis	10
Statement of Activities – Cash Basis	11
<i>Fund Financial Statements:</i>	
Statement of Cash Basis Assets and Fund Balances and Cash Receipts, Cash Disbursements and Changes in Fund Balances - Governmental Funds - Cash Basis.....	12
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – General Fund	14
MCBDD Fund	15
Job and Family Services Fund.....	16
Real Estate Assessment Fund.....	17
Auto License and Gas Fund.....	18
Statement of Fiduciary Net Assets – Cash Basis - Fiduciary Funds	19
Notes to the Basic Financial Statements	20
Schedule of Federal Awards Expenditures	41
Notes to the Schedule of Federal Awards Expenditures	43
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required By <i>Government Auditing Standards</i>	44
Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	46
Schedule of Findings.....	48
Schedule of Prior Audit Findings.....	51
Corrective Action Plan.....	52

This page intentionally left blank.

Independent Auditor's Report

County Commissioners
Meigs County, Ohio
100 East Second Street
Pomeroy, Ohio 45769

We have audited the accompanying financial statements of the governmental activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of Meigs County, Ohio, (the County) as of and for the year ended December 31, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Meigs Industries, Inc., which is included as a discrete presentation in the County's basic financial statements. These financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion insofar as it relates to the amounts included for Meigs Industries, Inc., is based solely on the report of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 that our audit provides a reasonable basis for our opinions.

Ohio Administrative Code § 117-2-03 (B) requires the County to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 2, the accompanying financial statements and notes follow the cash basis of accounting. This is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

In our opinion the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of December 31, 2011, and the respective changes in cash financial position and the respective budgetary comparisons for the General Fund, MCBDD Fund, Job and Family Services Fund, Real Estate Assessment Fund, and Auto License and Gas Fund thereof for the year then ended in conformity with the accounting basis Note 2 describes.

As described in Note 15, during 2011 the County adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

Meigs County, Ohio
Independent Auditor's Report

In accordance with *Government Auditing Standards*, we have also issued our report dated August 9, 2012 on our consideration of the County's internal control over financial reporting and on 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.

We conducted our audit to opine on the Government's financial statements taken as a whole. Management's Discussion & Analysis includes tables of net assets, changes in net assets, governmental activities and long-term debt. The federal awards expenditure schedule (the Schedule) is required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-profit Organizations. These tables and the Schedule provide additional information, but are not part of the basic financial statements. However these tables and the Schedule are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables and the schedule were 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. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.

August 9, 2012

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

The discussion and analysis of Meigs County's financial performance provides an overview of the County's financial activities for the year ended December 31, 2011, within the limitations of the County's cash basis of accounting. Please read this in conjunction with the County's basic financial statements that begin on page 10 and notes to the basic financial statements which begin on page 20.

Financial Highlights

Key financial highlights for 2011 are as follows:

Total net assets increased \$695,987.

Total cash receipts were \$21,615,833 in 2011.

Total program cash receipts were \$15,591,763 in 2011.

Program cash disbursements were primarily composed of Human Services and Public Works which were \$7,114,312 and \$5,197,004, respectively, in 2011.

All governmental funds had total cash receipts and other financing sources of \$21,818,857 and cash disbursements and other financing uses of \$21,122,870.

Using this Basic Financial Report

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

The *Statement of Net Assets-Cash Basis* and *Statement of Activities-Cash Basis* provide information about the activities of the whole County, presenting an aggregate view of the County's cash basis finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term and what remains for future spending. The fund financial statements also look at the County's most significant funds with all other non-major funds presented in total in one column. In the case of Meigs County, the General Fund, MCBDD, Job and Family Services, Real Estate Assessment, and the Auto License and Gas Special Revenue Funds are the most significant funds and have been presented as major funds.

Reporting the County as a Whole

The County's Reporting Entity Presentation

This annual report includes all activities for which Meigs County is fiscally responsible. These activities, defined as the County's reporting entity, are operated within separate legal entities that make up the primary government and one other separate legal entity that is presented as a component unit. The primary government consists of Meigs County. The component unit presentation includes the following separate legal entity, Meigs Industries, Inc., which is discussed further in Note 1 to the basic financial statements.

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

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the County to provide programs and activities, the view of the County as a whole looks at all cash basis financial transactions and asks the question, "How did we do financially during 2011?" The Statement of Net Assets – Cash Basis and the Statement of Activities – Cash Basis report information about the County as a whole and about its activities in a way that helps answer this question. These statements include *only net assets* using the *cash basis of accounting*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid. These two statements report the County's *net assets* and changes in those assets. This change in net assets is important because it tells the reader whether, for the County as a whole, the *cash basis financial position* of the County has improved or diminished. The causes of this change may be the result of many factors, some financial, some not.

Non-financial factors include the County's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, mandated federal and state programs and other factors.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

In the Statement of Net Assets and the Statement of Activities, all of the County's programs and services are reported as governmental activities including general government, public safety, public works, health, human services, community and economic development, capital outlay, and debt service.

Component unit activity-Meigs Industries, Inc. is a separate legal entity, but the County includes its activity since the County is financially accountable for this entity.

Reporting the County's Most Significant Funds

Fund Financial Statements

The analysis of the County's governmental funds begins on page 8. Fund financial statements provide detailed information about the County's major funds. The County uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the County's most significant funds. The County's most significant funds that have been presented as major governmental funds are the General Fund, MCBDD, Job and Family Services, Real Estate Assessment, and Auto License and Gas Special Revenue Funds.

Governmental Funds Most of the County's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The governmental fund statements provide a detailed view of the County's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer cash basis financial resources that can be readily spent to finance various County programs. Since the County is reporting on the cash basis of accounting, there are no differences in the net assets and fund cash balances or changes in net assets and changes in fund cash balances. Therefore, no reconciliation is necessary between such financial statements.

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

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. The County's only fiduciary funds are agency funds.

Agency funds are custodial in nature and do not involve measurement of results of operations. In accordance with GASB 34, fiduciary funds are not included in the government-wide financial statements.

The County as a Whole

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

Table 1
 Net Assets/Cash Basis

<i>Assets</i>	<i>Governmental Activities</i>	
	<u>2011</u>	<u>2010*</u>
Equity in Pooled Cash and Cash Equivalents	\$ 4,645,829	\$ 3,949,842
<i>Total Assets</i>	4,645,829	3,949,842
<i>Net Assets</i>		
Restricted	4,315,189	3,599,779
Unrestricted	330,640	350,063
<i>Total Net Assets</i>	\$ 4,645,829	\$ 3,949,842

* As restated, see Note 15 for additional information. In addition, certain reclassifications of net assets were made to conform to the 2011 presentation.

The increase in Equity in Pooled Cash and Cash Equivalents from the prior year is due to cash receipts exceeding cash disbursements.

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

Table 2 shows changes in net assets for 2011 as compared to 2010.

Table 2
Changes in Net Assets/Cash Basis

	Governmental Activities	
	<u>2011</u>	<u>2010</u>
<i>Cash Receipts</i>		
<i>Program Cash Receipts</i>		
Charges For Services and Sales	\$ 3,478,501	\$ 2,759,219
Operating Grants and Contributions	12,113,262	11,246,485
Capital Grants and Contributions	-	43,600
Total Program Cash Receipts	<u>15,591,763</u>	<u>14,049,304</u>
<i>General Cash Receipts</i>		
Property Taxes	2,936,711	2,830,436
Sales Taxes	1,318,296	1,263,983
Grants and Entitlements not Restricted to Specific Programs	860,696	838,552
Interest Receipts	98,737	161,159
Proceeds from Loans	357,918	333,033
Miscellaneous	451,712	688,335
Total General Cash Receipts	<u>6,024,070</u>	<u>6,115,498</u>
<i>Total Cash Receipts</i>	<u>21,615,833</u>	<u>20,164,802</u>
<i>Cash Disbursements</i>		
Program Cash Disbursements		
General Government		
Legislative and Executive	1,864,107	1,988,469
Judicial	1,159,331	1,158,650
Public Safety	1,951,052	1,688,005
Public Works	5,197,004	4,528,528
Health	2,052,212	1,964,524
Human Services	7,114,312	7,796,816
Community and Economic Development	176,638	174,473
Other	699,008	672,278
Capital Outlay	410,279	85,171
Debt Service:		
Principal Retirement	276,973	251,185
Interest and Fiscal Charges	18,930	20,375
Total Cash Disbursements	<u>20,919,846</u>	<u>20,328,474</u>
<i>Change In Net Assets</i>	695,987	(163,672)
<i>Net Assets at Beginning of Year, As Restated</i>	<u>3,949,842</u>	<u>4,113,514</u>
<i>Net Assets at End of Year</i>	<u>\$ 4,645,829</u>	<u>\$ 3,949,842</u>

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

Charges for services increased due to additional services provided by the Job and Family Services program as well as additional to efforts by the County to classify revenues previously recorded as miscellaneous. These efforts have decreased revenues classified as miscellaneous. The operating grants and contributions increased due to additional funding for the Syracuse water and Sewer program and a Community Clinic program. The increase in capital outlay disbursements is due to increased capital purchases. The decrease to human services disbursements is due to decreases in disbursements for the Job and Family Services program. The increase in public safety is due to increases in disbursements for the Emergency Management, Community Corrections, and Task Force programs. The increase in public works disbursements is due to increases in disbursements for Ohio Public Works Commission programs and the Syracuse Water and Sewer improvements program.

Property taxes made up 14 percent of cash receipts for governmental activities for Meigs County in 2011. Operating grants and contributions made up 56 percent, charges for services and sales made up 16 percent, and sales taxes made up 6 percent of cash receipts for governmental activities for the County.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax receipts and unrestricted State entitlements. The County's tax receipts, intergovernmental monies, and other general revenues provided 28 percent of total cash receipts. Charges for services and sales and operating and capital grants and contributions provided the other 72 percent of the receipts used to support the County's governmental activities. The taxpayers (through sales and property taxes) and the State of Ohio, as a whole, provide the vast majority of resources for Meigs County. Table 3 below shows the total and net cost of services (on a cash basis) for the County.

Table 3
 Total Cost of Program Services
 Governmental Activities

	2011		2010	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Governmental Activities				
General Government				
Legislative and Executive	\$ 1,864,107	\$ 1,366,531	\$ 1,988,469	\$ 1,603,951
Judicial	1,159,331	627,871	1,158,650	637,297
Public Safety	1,951,052	759,604	1,688,005	877,756
Public Works	5,197,004	434,715	4,528,528	704,737
Health	2,052,212	346,406	1,964,524	383,059
Human Services	7,114,312	718,888	7,796,816	1,230,523
Community and Economic Development	176,638	12,844	174,473	25,098
Other	699,008	365,351	672,278	511,778
Capital Outlay	410,279	410,279	85,171	41,571
Debt Service				
Principal Retirement	276,973	276,973	251,185	251,185
Interest and Fiscal Charges	18,930	8,621	20,375	12,215
Total Cash Disbursements				
- Governmental Activities	<u>\$ 20,919,846</u>	<u>\$ 5,328,083</u>	<u>\$ 20,328,474</u>	<u>\$ 6,279,170</u>

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

The County's Funds

Information about the County's governmental funds starts on page 12. These funds are accounted for using the cash basis of accounting. The General Fund cash balance went from \$350,063 in 2010 to \$330,640 for 2011 primarily due to disbursements exceeding receipts. The Job and Family Services Fund cash balance went from \$82,514 in 2010 to \$143,753 for 2011 due to a reduction in program disbursements. The MCBDD Fund cash balance decreased \$93,132, while the Auto License and Gas Fund and the Real Estate Assessment Fund increased \$133,681 and \$143,282, respectively. These factors along with increases in the other funds resulted in total governmental fund cash balances increasing \$695,987.

General Fund Budgeting Highlights

The County's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. For the General Fund, final budget basis receipts and other financing sources were \$4,218,947, which was \$449,819 above original budget estimates of \$3,769,128. Of this difference, significant increases were made to taxes and intergovernmental receipts as a result of higher than original expected receipts. Actual receipts and other financing sources were above final budgeted estimates in the amount of \$159,309. Of this difference, \$117,180 represents miscellaneous receipts received in excess of final budgeted estimates, which was the most significant variance. Final estimated disbursements for public safety increased over original estimates in the amount of \$295,598 due to an increase in salaries and benefits of the sheriff's department and the operation of the 911 system. Total actual disbursements and other financing uses on the budget basis (cash outlays plus encumbrances) were \$57,504 more than cash receipts.

Capital Assets and Debt Administration

Capital Assets

The County does not record capital assets in the accompanying basic financial statements, but does record payments for capital assets as disbursements. The County had capital outlay disbursements of \$410,279 during 2011.

Debt

Under the cash basis of accounting the County does not report bonds or long-term loans in the accompanying cash basis financial statements. However, in order to provide information to the readers of this report, we are providing the following detailed information about bonds and long-term loans. At December 31, 2011, the County had \$666,326 in long-term loans outstanding for governmental activities.

Table 4 summarizes bonds and other long-term obligations outstanding for Governmental Activities:

Table 4		
Outstanding Debt at December 31		
Governmental Activities		
	2011	2010
General Obligation Bonds	\$ -	\$ 65,000
Other Loans	666,326	520,381
Totals	<u>\$ 666,326</u>	<u>\$ 585,381</u>

For additional information regarding debt, please see Note 9 to the basic financial statements.

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

Current Financial Related Activities

As the preceding information shows, the County heavily depends on its property taxes, sales tax and intergovernmental monies. Since the property tax receipts do not grow at the same level as inflation, the County will be faced with significant challenges over the next several years to contain costs and ultimately determine what options are available to the County to increase financial resources.

All of the County's financial abilities will be needed to meet the challenges of the future.

Contacting the County's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the County's cash basis finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mary Byer-Hill, County Auditor at Meigs County, 100 East Second Street, Pomeroy, Ohio 45769, or email at meigsauditor@suddenlinkmail.com.

Meigs County, Ohio
Statement of Net Assets - Cash Basis
As of December 31, 2011

	<u>Primary Government Governmental Activities</u>	<u>Component Unit</u>
ASSETS:		
Equity in Pooled Cash and Cash Equivalents	\$ 4,645,829	\$ -
Cash in Segregated Accounts	-	130,202
	<hr/>	<hr/>
<i>Total Assets</i>	4,645,829	130,202
	<hr/>	<hr/>
NET ASSETS:		
Restricted for Debt Service	29,595	-
Restricted for Capital Outlay	118,699	-
Restricted for MCBDD	562,098	-
Restricted for Job and Family Services	143,753	-
Restricted for Auto License and Gas Tax	676,271	-
Restricted for Real Estate Assessment	481,248	-
Restricted for Children's Services	360,187	-
Restricted for Other Purposes	1,943,338	-
Unrestricted	330,640	130,202
	<hr/>	<hr/>
<i>Total Net Assets</i>	<u>\$ 4,645,829</u>	<u>\$ 130,202</u>

The notes to the basic financial statements are an integral part of this statement.

Meigs County, Ohio
Statement of Activities - Cash Basis
For the Year Ended December 31, 2011

	<u>Program Cash Receipts</u>			<u>Net (Disbursements) Receipts and Changes in Net Assets</u>	
	<u>Cash Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Primary Governmental Activities</u>	<u>Component Unit- Meigs Industries, Inc.</u>
Governmental Activities:					
General Government:					
Legislative and Executive	\$ 1,864,107	\$ 354,192	\$ 143,384	\$ (1,366,531)	\$ -
Judicial	1,159,331	208,850	322,610	(627,871)	-
Public Safety	1,951,052	496,848	694,600	(759,604)	-
Public Works	5,197,004	813,689	3,948,600	(434,715)	-
Health	2,052,212	330,310	1,375,496	(346,406)	-
Human Services	7,114,312	1,110,550	5,284,874	(718,888)	-
Community and Economic Development	176,638	27,557	136,237	(12,844)	-
Other	699,008	134,771	198,886	(365,351)	-
Capital Outlay	410,279	-	-	(410,279)	-
Debt Service:					
Principal Retirement	276,973	-	-	(276,973)	-
Interest and Fiscal Charges	18,930	1,734	8,575	(8,621)	-
<i>Total Primary Government</i>	<u>\$ 20,919,846</u>	<u>\$ 3,478,501</u>	<u>\$ 12,113,262</u>	<u>(5,328,083)</u>	<u>-</u>
Component Unit:					
Meigs Industries, Inc.	<u>\$ 287,166</u>	<u>\$ 296,126</u>	<u>\$ -</u>	<u>-</u>	<u>8,960</u>
General Cash Receipts:					
Property Taxes Levied for:					
General Purposes				1,242,029	-
MCBDD				1,079,394	-
Other Purposes				615,288	-
Sales Taxes Levied for General Purposes				1,318,296	-
Grants and Entitlements Not					
Restricted to Specific Programs				860,696	-
Interest Receipts				98,737	-
Proceeds from Loans				357,918	-
Miscellaneous				451,712	-
<i>Total General Cash Receipts</i>				<u>6,024,070</u>	<u>-</u>
<i>Changes in Net Assets</i>				695,987	8,960
<i>Net Assets Beginning of Year, As Restated</i>				<u>3,949,842</u>	<u>121,242</u>
<i>Net Assets End of Year</i>				<u>\$ 4,645,829</u>	<u>\$ 130,202</u>

The notes to the basic financial statements are an integral part of this statement.

Meigs County, Ohio
*Statement of Cash Basis Assets and Fund Balances and
Cash Receipts, Disbursements, and Changes in Fund Balances - Governmental Funds - Cash Basis
As of and For the Year Ended December 31, 2011*

	<u>General</u>	<u>MCBDD</u>	<u>Job and Family Services</u>
CASH RECEIPTS:			
Taxes	\$ 2,560,325	\$ 1,079,394	\$ -
Charges for Services	876,806	-	590,213
Licenses and Permits	1,298	-	-
Fines and Forfeitures	129,621	-	-
Intergovernmental	606,890	1,072,008	2,826,772
Interest	93,313	-	-
Other	248,893	35,827	1,299
	<u>4,517,146</u>	<u>2,187,229</u>	<u>3,418,284</u>
<i>Total Cash Receipts</i>			
CASH DISBURSEMENTS:			
Current:			
General Government:			
Legislative and Executive	1,678,203	-	-
Judicial	741,053	-	-
Public Safety	1,050,471	-	-
Public Works	77,465	-	-
Health	268,819	-	-
Human Services	214,619	2,120,571	3,357,045
Community and Economic Development	-	-	-
Other	494,288	-	-
Capital Outlay	-	-	-
Debt Service:			
Principal Retirement	-	-	-
Interest and Fiscal Charges	-	-	-
	<u>4,524,918</u>	<u>2,120,571</u>	<u>3,357,045</u>
<i>Total Cash Disbursements</i>			
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>			
	<u>(7,772)</u>	<u>66,658</u>	<u>61,239</u>
OTHER FINANCING SOURCES (USES):			
Proceeds from Loans	-	-	-
Transfers In	-	-	-
Advances In	10,280	-	-
Transfers Out	(12,975)	(159,790)	-
Advances Out	(8,956)	-	-
	<u>(11,651)</u>	<u>(159,790)</u>	<u>-</u>
<i>Total Other Financing Sources (Uses)</i>			
<i>Net Change in Fund Cash Balances</i>	(19,423)	(93,132)	61,239
<i>Cash Basis Fund Balances at Beginning of Year - As Restated</i>			
	<u>350,063</u>	<u>655,230</u>	<u>82,514</u>
<i>Cash Basis Fund Balances at End of Year</i>			
	<u>\$ 330,640</u>	<u>\$ 562,098</u>	<u>\$ 143,753</u>
<i>Cash Basis Assets at End of Year Equity in Pooled Cash and Cash Equivalents</i>			
	<u>\$ 330,640</u>	<u>\$ 562,098</u>	<u>\$ 143,753</u>
Cash Basis Fund Balances at End of Year			
Nonspendable	\$ 106,372	\$ -	\$ -
Restricted	-	562,098	143,753
Assigned	8,916	-	-
Unassigned	215,352	-	-
	<u>\$ 330,640</u>	<u>\$ 562,098</u>	<u>\$ 143,753</u>
Total Cash Basis Fund Balances			

The notes to the basic financial statements are an integral part of this statement.

<u>Real Estate Assessment</u>	<u>Auto License and Gas</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 615,288	\$ 4,255,007
277,657	-	1,581,026	3,325,702
415	-	-	1,713
-	13,150	8,315	151,086
-	3,885,189	4,583,099	12,973,958
-	5,424	-	98,737
1,275	20,858	143,560	451,712
<u>279,347</u>	<u>3,924,621</u>	<u>6,931,288</u>	<u>21,257,915</u>
136,065	-	49,839	1,864,107
-	-	418,278	1,159,331
-	-	900,581	1,951,052
-	3,588,017	1,531,522	5,197,004
-	-	1,783,393	2,052,212
-	-	1,422,077	7,114,312
-	-	176,638	176,638
-	-	204,720	699,008
-	-	410,279	410,279
-	191,805	85,168	276,973
-	11,118	7,812	18,930
<u>136,065</u>	<u>3,790,940</u>	<u>6,990,307</u>	<u>20,919,846</u>
<u>143,282</u>	<u>133,681</u>	<u>(59,019)</u>	<u>338,069</u>
-	-	357,918	357,918
-	-	183,788	183,788
-	-	8,956	19,236
-	-	(11,023)	(183,788)
-	-	(10,280)	(19,236)
<u>-</u>	<u>-</u>	<u>529,359</u>	<u>357,918</u>
143,282	133,681	470,340	695,987
<u>337,966</u>	<u>542,590</u>	<u>1,981,479</u>	<u>3,949,842</u>
<u>\$ 481,248</u>	<u>\$ 676,271</u>	<u>\$ 2,451,819</u>	<u>\$ 4,645,829</u>
<u>\$ 481,248</u>	<u>\$ 676,271</u>	<u>\$ 2,451,819</u>	<u>\$ 4,645,829</u>
\$ -	\$ -	\$ -	\$ 106,372
481,248	676,271	2,456,499	4,319,869
-	-	-	8,916
-	-	(4,680)	210,672
<u>\$ 481,248</u>	<u>\$ 676,271</u>	<u>\$ 2,451,819</u>	<u>\$ 4,645,829</u>

Meigs County, Ohio
*Statement of Receipts, Disbursements
and Changes in Fund Balances - Budget and Actual (Budgetary Basis)
For the Year Ended December 31, 2011*

	General Fund			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>Budgetary Basis Receipts:</u>				
Taxes	\$ 2,396,600	\$ 2,560,298	\$ 2,560,325	\$ 27
Charges for Services	626,980	702,815	734,581	31,766
Licenses and Permits	1,315	1,243	1,298	55
Fines and Forfeitures	90,140	129,621	129,621	-
Intergovernmental	499,476	606,889	606,890	1
Interest	111,700	93,313	93,313	-
Other	32,637	124,768	241,948	117,180
Total Receipts	<u>3,758,848</u>	<u>4,218,947</u>	<u>4,367,976</u>	<u>149,029</u>
<u>Budgetary Basis Disbursements:</u>				
General Government:				
Legislative and Executive	1,595,188	1,676,078	1,670,509	5,569
Judicial	585,649	643,012	633,919	9,093
Public Safety	756,453	1,052,051	1,050,471	1,580
Public Works	74,659	77,528	77,465	63
Health	218,851	269,009	268,819	190
Human Services	146,838	218,889	218,358	531
Other	417,493	495,337	494,288	1,049
Total Disbursements	<u>3,795,131</u>	<u>4,431,904</u>	<u>4,413,829</u>	<u>18,075</u>
Excess of Receipts Over (Under) Disbursements	<u>(36,283)</u>	<u>(212,957)</u>	<u>(45,853)</u>	<u>167,104</u>
<u>Other Financing Sources (Uses):</u>				
Advances In	10,280	-	10,280	10,280
Transfers Out	(10,000)	(12,975)	(12,975)	-
Advances Out	-	-	(8,956)	(8,956)
Total Other Financing Sources (Uses)	<u>280</u>	<u>(12,975)</u>	<u>(11,651)</u>	<u>1,324</u>
Net Change in Fund Balance	(36,003)	(225,932)	(57,504)	168,428
Fund Balance at Beginning of Year	70,169	70,169	70,169	-
Fund Balance (Deficit) at End of Year	<u>\$ 34,166</u>	<u>\$ (155,763)</u>	<u>\$ 12,665</u>	<u>\$ 168,428</u>

The notes to the basic financial statements are an integral part of this statement.

Meigs County, Ohio
*Statement of Receipts, Disbursements
and Changes in Fund Balances - Budget and Actual (Budgetary Basis)
For the Year Ended December 31, 2011*

	MCBDD Fund			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>Budgetary Basis Receipts:</u>				
Taxes	\$ 996,157	\$ 996,157	\$ 1,079,394	\$ 83,237
Intergovernmental	1,001,648	979,387	1,072,008	92,621
Other	32,000	32,000	35,827	3,827
Total Receipts	<u>2,029,805</u>	<u>2,007,544</u>	<u>2,187,229</u>	<u>179,685</u>
<u>Budgetary Basis Disbursements:</u>				
Human Services	<u>2,243,300</u>	<u>2,151,035</u>	<u>2,120,571</u>	<u>30,464</u>
Total Disbursements	<u>2,243,300</u>	<u>2,151,035</u>	<u>2,120,571</u>	<u>30,464</u>
Excess of Receipts Over (Under) Disbursements	<u>(213,495)</u>	<u>(143,491)</u>	<u>66,658</u>	<u>210,149</u>
<u>Other Financing Uses:</u>				
Transfers Out	<u>(17,000)</u>	<u>(159,790)</u>	<u>(159,790)</u>	<u>-</u>
Total Other Financing Uses	<u>(17,000)</u>	<u>(159,790)</u>	<u>(159,790)</u>	<u>-</u>
Net Change in Fund Balance	(230,495)	(303,281)	(93,132)	210,149
Fund Balance at Beginning of Year	655,230	655,230	655,230	-
Fund Balance at End of Year	<u>\$ 424,735</u>	<u>\$ 351,949</u>	<u>\$ 562,098</u>	<u>\$ 210,149</u>

The notes to the basic financial statements are an integral part of this statement.

Meigs County, Ohio
*Statement of Receipts, Disbursements
and Changes in Fund Balances - Budget and Actual (Budgetary Basis)
For the Year Ended December 31, 2011*

	Job and Family Services Fund			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>Budgetary Basis Receipts:</u>				
Charges for Services	\$ 450,000	\$ 590,213	\$ 590,213	\$ -
Intergovernmental	3,460,000	2,824,479	2,826,772	2,293
Other	9,000	2,292	1,299	(993)
Total Receipts	<u>3,919,000</u>	<u>3,416,984</u>	<u>3,418,284</u>	<u>1,300</u>
<u>Budgetary Basis Disbursements:</u>				
Human Services	<u>3,900,000</u>	<u>3,399,498</u>	<u>3,357,045</u>	<u>42,453</u>
Total Disbursements	<u>3,900,000</u>	<u>3,399,498</u>	<u>3,357,045</u>	<u>42,453</u>
Excess of Receipts Over (Under) Disbursements	<u>19,000</u>	<u>17,486</u>	<u>61,239</u>	<u>43,753</u>
<u>Other Financing Sources (Uses):</u>				
Transfers In	50,000	-	-	-
Advances In	50,000	-	-	-
Transfers Out	(50,000)	(50,000)	-	50,000
Advances Out	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>	<u>50,000</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(100,000)</u>	<u>-</u>	<u>100,000</u>
Net Change in Fund Balance	19,000	(82,514)	61,239	143,753
Fund Balance at Beginning of Year	82,514	82,514	82,514	-
Fund Balance at End of Year	<u>\$ 101,514</u>	<u>\$ -</u>	<u>\$ 143,753</u>	<u>\$ 143,753</u>

The notes to the basic financial statements are an integral part of this statement.

Meigs County, Ohio
Statement of Receipts, Disbursements
and Changes in Fund Balances - Budget and Actual (Budgetary Basis)
For the Year Ended December 31, 2011

Real Estate Assessment Fund				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>Budgetary Basis Receipts:</u>				
Charges for Services	\$ 150,000	\$ 150,000	\$ 277,657	\$ 127,657
Licenses and Permits	-	-	415	415
Other	1,000	1,000	1,275	275
Total Receipts	<u>151,000</u>	<u>151,000</u>	<u>279,347</u>	<u>128,347</u>
<u>Budgetary Basis Disbursements:</u>				
General Government:				
Legislative and Executive	<u>200,200</u>	<u>200,200</u>	<u>136,065</u>	<u>64,135</u>
Total Disbursements	<u>200,200</u>	<u>200,200</u>	<u>136,065</u>	<u>64,135</u>
Net Change in Fund Balance	(49,200)	(49,200)	143,282	192,482
Fund Balance at Beginning of Year	337,966	337,966	337,966	-
Fund Balance at End of Year	<u>\$ 288,766</u>	<u>\$ 288,766</u>	<u>\$ 481,248</u>	<u>\$ 192,482</u>

The notes to the basic financial statements are an integral part of this statement.

Meigs County, Ohio
*Statement of Receipts, Disbursements
and Changes in Fund Balances - Budget and Actual (Budgetary Basis)
For the Year Ended December 31, 2011*

Auto License and Gas Fund				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Budgetary Basis Receipts:				
Fines and Forfeitures	\$ 12,000	\$ 12,000	\$ 13,150	\$ 1,150
Intergovernmental	3,874,000	3,773,089	3,885,189	112,100
Interest	1,000	4,500	5,424	924
Other	6,000	18,436	20,858	2,422
Total Receipts	<u>3,893,000</u>	<u>3,808,025</u>	<u>3,924,621</u>	<u>116,596</u>
Budgetary Basis Disbursements:				
Public Works	3,713,638	4,147,675	3,588,017	559,658
Debt Service:				
Principal Retirement	185,000	185,837	185,837	-
Interest and Fiscal Charges	20,000	17,086	17,086	-
Total Disbursements	<u>3,918,638</u>	<u>4,350,598</u>	<u>3,790,940</u>	<u>559,658</u>
Net Change in Fund Balance	(25,638)	(542,573)	133,681	676,254
Fund Balance at Beginning of Year	516,935	516,935	516,935	-
Prior Year Encumbrances Appropriated	25,655	25,655	25,655	-
Fund Balance at End of Year	<u>\$ 516,952</u>	<u>\$ 17</u>	<u>\$ 676,271</u>	<u>\$ 676,254</u>

The notes to the basic financial statements are an integral part of this statement.

Meigs County, Ohio
Statement of Fiduciary Net Assets - Cash Basis
Fiduciary Funds
As of December 31, 2011

	<u>Agency Funds</u>
ASSETS:	
Equity in Pooled Cash and Cash Equivalents	\$ 1,970,499
Cash and Cash Equivalents in Segregated Accounts	<u>444,985</u>
<i>Total Assets</i>	<u>2,415,484</u>
<i>Total Net Assets</i>	<u><u>\$ 2,415,484</u></u>

The notes to the basic financial statements are an integral part of this statement.

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

NOTE 1 – REPORTING ENTITY

Meigs County (the County), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The County operates under the direction of a three-member elected Board of County Commissioners. Other officials elected by the voters of the County that manage various segments of the County's operations are the Auditor, Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, a Common Pleas Court Judge, and a Probate/Juvenile Court Judge.

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

Management believes the financial statements included in this report represent all of the funds of the County over which the County has the ability to exercise direct operating control.

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

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the County. For Meigs County, this includes all departments and activities that are directly operated by the elected County officials.

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

Component Unit

Meigs Industries, Inc. is a legally separate, not-for-profit corporation, served by a self-appointing Board of Trustees. Meigs Industries is under a contractual agreement with the Meigs County Board of Development Disabilities (MCBDD) to provide sheltered employment for developmentally disabled or handicapped adults in the County. MCBDD provides the Program with wages and other funds as necessary for the operation of Meigs Industries. Based on the significant services and resources provided by the County to the Program and the sole purpose of the Program to provide assistance to the developmentally disabled and handicapped adults of the County, the Program is considered to be a component unit of Meigs County. Separately issued financial statements can be obtained from the administrative offices of Meigs Industries, Inc., 1310 Carleton Street, Syracuse, Ohio 45779.

The County has elected to include in the component unit column Meigs Industries, Inc. as a discretely presented component unit in the accompanying basic financial statements. See also Note 2 to the basic financial statements entitled government-wide financial statements.

NOTE 1 – REPORTING ENTITY (Continued)

Separate Agencies

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

- The Meigs County District Board of Health is governed by a Board of Trustees which oversees the operation of the District and is elected by a regional advisory council comprised of township trustees, mayors of participating municipalities, and one County Commissioner. The District adopts its own budget and operates autonomously from the County. Funding is based on a tax levy, along with various state and federal grants applied for by the District.
- The Meigs County Soil and Water Conservation District is statutorily created as a separate and distinct political subdivision within the County. The five supervisors of the District are elected officials authorized to contract and sue on behalf of the District. The supervisors adopt their own budget, authorize District expenditures, hire and fire staff, and do not rely on the County to finance deficits.

Other Organizations

The County is also associated with certain organizations which are defined as jointly governed organizations, as well as one public entity shared risk pool. These organizations are presented in Notes 10 and 11 to the basic financial statements. The organizations are as follows:

- Gallia-Jackson-Meigs Counties Alcohol, Drug Addiction and Mental Health Services (ADAMH) Board
- Gallia-Jackson-Meigs-Vinton Joint Solid Waste Management District
- Gallia-Meigs Regional Airport
- Gallia-Meigs Community Action Agency
- Area Agency on Aging
- Meigs County Park District
- Southern Ohio Council of Governments
- County Commissioners Association of Ohio Workers' Compensation Group Rating Plan

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These basic financial statements are presented on the cash basis of accounting. The cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Following are the more significant of the County's accounting policies.

A. Basis of Presentation

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide Financial Statements

The statement of net assets-cash basis and the statement of activities-cash basis display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

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

The government-wide financial statements also display information regarding one legally separate entity or component unit, for which the County is fiscally responsible. This component unit is Meigs Industries, Inc. and is described further in Note 1 to the financial statements.

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 fund financial statements is on major funds rather than reporting funds by type. 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 fund type.

B. Fund Accounting

The County uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The County classifies each fund as either governmental or fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions of the County are typically financed. The following are the County's major governmental funds:

General Fund

The General Fund is the general operating fund of the County and is used to account for all financial resources not accounted for and reported in another fund. The General Fund is available to the County for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Board of Development Disabilities (MCBDD) Special Revenue Fund

This fund is to account for the operation of a school for the developmentally disabled and handicapped. The primary sources of revenue are a county-wide property tax levy and federal and state grants

Job and Family Services Special Revenue Fund

This fund accounts for various federal and state grants used to provide public assistance to general relief recipients, pay their providers of medical assistance, and for certain public social services. The primary sources of revenue are federal and state grants.

Real Estate Assessment Fund

This fund accounts for state mandated county-wide real estate reappraisals that are funded by charges to the political subdivisions located with the County. The primary source of revenue is charges for services.

Auto License and Gas Special Revenue Fund

This fund accounts for monies received from state gasoline tax and motor vehicle registration fees designated for maintenance and repair of roads and bridges. The primary sources of revenue are the state gas tax and motor vehicle registration fees.

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

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.. The County's only fiduciary funds are agency funds. Agency funds are custodial in nature and are used to account for assets held by the County for political subdivisions for which the County acts as fiscal agent and for taxes, state-levied shared revenues, and fines and forfeitures collected and distributed to other political subdivisions.

C. Basis of Accounting

The County's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the County's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

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

D. Budgetary Process

All funds, except for 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 cash disbursements plus encumbrances at the level of control selected by the County Commissioners. The resolution sets annual limits on expenditures plus encumbrances at the major object level within a fund, thereby establishing the legal level of control.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the County Commissioners.

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.

E. Cash and Cash Equivalents

To improve cash management, cash received by the County is pooled. Monies for all funds are maintained in this pool. County funds are maintained in several checking accounts as well as invested in certificates of deposit with terms of one to three months. Individual fund balance integrity is maintained through the County's records. Balances of all funds are maintained in these accounts or are temporarily used to purchase certificates of deposit.

Cash and cash equivalents that are held separately within the departments of the County are recorded as "Cash and Cash Equivalents in Segregated Accounts".

During 2011, the County invested in certificates of deposit.

All interest receipts are reported in the General Fund except those specifically related to those funds deemed appropriate according to Board of County Commissioners' policy. For calendar year 2011, interest receipts amounted to \$98,737. The General Fund received \$93,313 and the Auto License and Gas Fund received \$5,424.

F. Capital Assets and Depreciation

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying basic financial statements.

G. Interfund Receivables/Payables

The County reports interfund loans as advances in and advances out in the other financing sources/uses in governmental funds. These items are not reflected as assets and liabilities in the accompanying basic financial statements. In the government-wide financial statements, advances within governmental activities are eliminated.

H. Compensated Absences

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the County's cash basis of accounting.

I. Employer Contributions to Cost-Sharing Pension Plans

The County recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Long-Term Obligations

The County's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

K. Net 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 for other purposes is primarily comprised of net assets restricted for grants. The County first applies restricted resources when a disbursement is made for purposes for which both restricted and unrestricted net assets are available.

Of the County's \$4,315,189 of restricted net assets, none were restricted by enabling legislation.

L. Fund Balance

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

Nonspendable The nonspendable fund balance classification includes amounts that cannot be spent because they are not in the spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion 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.

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 County Commissioners removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. 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 policies of the County Commissioners.

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.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Interfund Activity

Exchange transactions between funds are reported as cash receipts in the seller funds and as cash disbursements in the purchasing funds. Nonexchange flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented on the financial statements. In the government-wide financial statements, transfers within governmental activities are eliminated.

NOTE 3- BUDGETARY BASIS FUND BALANCES

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balances – Budget and Actual – Budgetary Basis presented for the General Fund and each major special revenue fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the cash basis are due to several factors. The first factor is that outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a restriction, commitment or assignment of fund balance (cash basis). The second factor is that under Governmental Accounting Standards Board Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions”, certain funds that were previously reported as non-major special revenue funds are considered part of the General Fund on a cash basis. These funds were excluded from the budgetary presentation for the General Fund.

NOTE 4 – DEPOSITS AND INVESTMENTS

Primary Government

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

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

1. United States treasury notes, bills, bonds, or other obligations of or securities issued by the United States treasury or any other obligation guaranteed as to the payment of principal and interest by the United States;
2. Bonds, notes, debentures, or other obligations of or securities issued by any federal government agency or instrumentality, including, but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above, 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 the political subdivisions of Ohio, provided that such political subdivisions are located wholly or partly within the same county as the investing authority;

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

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2), or cash, or both securities and cash, equal value for equal value;
9. High grade commercial paper in an amount not to exceed 5 percent of the County's total average portfolio;
10. Certain bankers' acceptances for a period not to exceed one hundred and eighty days and commercial paper notes for a period not to exceed two hundred and seventy days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time;
11. Under limited circumstances, corporate debt interests rated in any of the three highest rating classifications by at least two nationally recognized rating agencies;
12. Notes issued by corporations incorporated and operating within the United States, or by depository institutions doing business under any state or United States authority and operating within the United States. Such investments shall not exceed fifteen percent of the County's total average portfolio and meet other requirements; and
13. A current unpaid or delinquent tax line of credit authorized under division (G) of section 135.341 of the Revised Code provided that all of the conditions for entering into such a line of credit under that division are satisfied.

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.

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

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, 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 \$7,732 in un-deposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents".

Custodial credit risk is the risk that, in the event of a bank failure, the County's deposits may not be returned. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the federal deposit insurance corporation (FDIC) or by any other agency or instrumentality of the federal government.

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

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. The County's policy is to deposit money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

The County's bank balance of \$7,460,170 is either covered by FDIC or collateralized by the financial institutions public entity deposit pools in the manner as described above.

Component Unit

At December 31, 2011, the carrying amount of Meigs Industries, Inc.'s deposits was \$130,202 and the bank balance was \$133,184. All of the bank balance was covered by federal depository insurance.

NOTE 5 - PROPERTY TAX

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the County. Property tax revenue received during 2011 for real and public utility property taxes represents collection of 2010 taxes. Property tax payments received during 2011 for tangible personal property (other than public utility property) is for 2011 taxes.

2011 real property taxes are 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 intended to finance 2012.

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

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Due to the phase out which began in 2005, the tangible personal property tax percentage fell to zero in 2009 for businesses. Therefore, Ohio no longer has a general tax on tangible personal property used in business. The tax temporarily applies to telephone and inter-exchange telecommunications companies, which is being phased out to 10% for 2009, 5% for 2010, and zero for 2011. After 2011, tangible personal property, exclusive of public utility tangible personal property, is not subject to tax. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year proceeding the tax collection year, the lien date. Certain public utility tangible personal property currently is assessed at 88 percent of its true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The assessed value for the taxes levied in 2011 was \$325,420,420 of which real property represented 99.90 percent (\$325,103,360) of the total and public utility property represented 0.10 percent (\$317,060) of the total. The full tax rate for all County operations for taxes collected in 2011, was \$15.20 per \$1,000 of assessed valuation.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due by 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.

The Meigs County Treasurer collects property taxes on behalf of all taxing districts within the County. The Meigs County Auditor periodically remits to the taxing districts their portions of the taxes collected. Collections of the taxes and remittance of them to the taxing districts are accounted for in various agency funds of the County.

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

NOTE 6 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County's vehicles and general liability are covered by the County Risk Sharing Authority. At December 31, 2011, the County maintained the following insurance coverages through the insurance company:

Type of Coverage	Annual Aggregate	Deductible
General Liability	\$1,000,000	\$2,500
Law Enforcement Liability	1,000,000	2,500
Automobile Liability	1,000,000	2,500
Errors and Omissions Liability	1,000,000	2,500
Excess Liability	1,000,000	-
Property	42,129,503	2,500
Equipment Breakdown	100,000,000	2,500
Crime Coverage	1,000,000	2,500
Stop Gap Liability	1,000,000	2,500
Uninsured/Underinsured Motorists	250,000	2,500

The County had established a limited risk health, dental, and vision insurance program for Engineer's Department employees. Business Administrators and Consultants, Inc. (BAC) serviced all claims submitted by employees of the Engineer's Department. Excess coverage insurance policies covered individual claims in excess of \$20,000 for BAC. All other County employees have fully funded coverage through United Health Care.

The County has had no significant reductions in any of its insurance coverage from those maintained in prior years. Additionally, there have been no insurance settlements that have exceeded insurance coverage in any of the past three years.

In accordance with the cash basis of accounting, as more fully described in Note 2, the County does not record a liability for any incurred but unpaid claims as of year end.

NOTE 7 - RETIREMENT SYSTEMS

Ohio Public Employees Retirement System (OPERS)

- A. The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans as described below:
- 1) The Traditional Pension Plan (TP) – a cost-sharing multiple-employer defined benefit pension plan.
 - 2) The Member-Directed Plan (MD) – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.
 - 3) The Combined Plan (CO) – a cost-sharing multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

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

NOTE 7 - RETIREMENT SYSTEMS (Continued)

- B. OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to qualifying members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.
- C. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.
- D. 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 calling (614) 222-5601 or 1-800-222-7377.
- E. The Ohio Revised Code provides statutory authority for member and employer contributions. For 2011, member and employer contribution rates were consistent across all three plans.

The member contribution rates for 2011, 2010, and 2009 were 10.0%, 10.0%, and 10.0%, respectively, for members in state and local classifications and 11.0%, 10.5%, and 10.1%, respectively for members in public safety and law enforcement.

The employer contribution rates were 14.00%, 14.00%, and 14.00%, respectively, for state and local employers and 18.10%, 17.87%, and 17.63%, respectively for law enforcement and public safety employers for the years ended December 31, 2011, 2010, and 2009 for the County.

The County's contributions to OPERS for the years ended December 31, 2011, 2010, and 2009 were \$1,105,820, \$1,116,546, and \$1,064,732, respectively, which were equal to the required contributions for those years.

State Teachers Retirement System (STRS)

State Teachers Retirement System of Ohio (STRS Ohio) is a cost-sharing, multiple-employer public employee retirement system.

STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof.

Plan Options – New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5 percent of earned compensation among various investment choices. The Combined Plan offers features of the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

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

NOTE 7 - RETIREMENT SYSTEMS (Continued)

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

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

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

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

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

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

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. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the DB Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members’ beneficiaries.

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers.

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

NOTE 7 - RETIREMENT SYSTEMS (Continued)

For the years ended December 31, 2011, 2010, and 2009, plan members were required to contribute 10 percent of their annual covered salaries. The County was required to contribute 14 percent. The County's required contributions for pension obligations to STRS Ohio for the calendar years ended December 31, 2011, 2010, and 2009 were \$40,141, \$42,857, and \$44,455, respectively; which were equal to the required amounts for those years.

STRS Ohio issues a stand-alone financial report. Additional information or copies of STRS Ohio's *Comprehensive Annual Financial Report* can be requested by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

NOTE 8 - POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System (OPERS)

- A. Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan (TP) – a cost-sharing multiple-employer defined benefit pension plan; the Member-Directed Plan (MD) – a defined contribution plan; and the Combined Plan (CO) – 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 healthcare plan, which includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement, to qualifying members of both the TP and the CO Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

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

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

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

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

Employer's contributions are expressed as a percentage of the covered payroll of active members. In 2011, state and local employers contributed at a rate of 14.0% of covered payroll and public safety and law enforcement employers contributed at 18.1%. The Ohio Revised Code currently limits the employer contribution rate not to exceed 14.0% of covered payroll for state and local employer units and 18.1% of covered payroll for law and public safety employer units. Active members do not make contributions to the OPEB Plan.

NOTE 8 - POSTEMPLOYMENT BENEFITS (Continued)

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. For 2011, the employer contributions allocated to the health care for members in the Traditional was 4.0%. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2011. For 2010, the employer contributions allocated to the health care plan from January 1 through February 28, 2010 and March 1 through December 31, 2010 were 5.5% and 5.0%, respectively. For 2009, the employer contribution allocated to the health care plan from January 1 through March 31, 2009 and April 1 through December 31, 2009 were 7.0% and 5.5%, respectfully. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

- C. The employer contributions that were used to fund post-employment benefits were \$315,933 for 2011, \$567,577 for 2010, and \$446,807 for 2009, which equaled the required contributions for these years.
- D. 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 as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

State Teachers Retirement System

STRS Ohio administers a pension plan that is comprised of: a defined benefit plan; a self-directed defined contribution plan; and a combined plan, which is a hybrid of the defined benefit and defined contribution plan.

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

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

STRS Ohio issues a stand-alone financial report. Interested parties can view the most recent *Comprehensive Annual Financial Report* by visiting www.strsoh.org or by requesting a copy by calling toll free (888) 227-7877.

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14 percent contribution rate, 1 percent of covered payroll was allocated to post-employment health care for the years ended December 31, 2011, 2010, and 2009. For the County, these amounts were \$2,867, \$3,061, \$3,175, respectively, for 2011, 2010, and 2009, respectively, which equaled the required contributions for these years.

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

NOTE 9 - DEBT OBLIGATIONS

Under the cash basis of accounting, debt obligations are not reported as a liability in the accompanying basic financial statements. Debt obligations are presented for informational purposes only. However, information regarding such changes in the County's general long-term obligations during 2011 is as follows:

Governmental Activities Debt:

	Interest Rates	Outstanding 12/31/10	Additions	Reductions	Outstanding 12/31/11	Due in 1 Year
1992 - Human Services Building Improvement Bonds	3.50% - 7.20%	\$ 65,000	\$ -	\$ 65,000	\$ -	\$ -
2002 - Rural Hardship EPA	0.00%	23,400	-	1,950	\$ 21,450	1,950
2008 - 911 Equipment	4.15%	9,945	-	9,945	\$ -	-
2009 - Highway Equipment	3.25%	197,603	-	98,659	\$ 98,944	98,944
2011 - Farmers Bank 95042	3.63%	-	55,681	8,273	\$ 47,408	5,012
2011 - Farmers Bank 95045	4.63%	-	302,237	-	\$ 302,237	37,348
2010 - Tandom Trucks	3.65%	289,433	-	93,146	\$ 196,287	96,331
Total		\$ 585,381	\$357,918	\$ 276,973	\$ 666,326	\$239,585

The Human Services Building Improvement General Obligation Bonds were issued in 1992 in the amount of \$1,300,000. Interest rates range from 3.5% in 1992 to 7.2% in 2011. Rental income received from the Human Services Department is used to repay this debt.

The Rural Hardship EPA Loan was obtained in 2002 in the amount of \$39,000 for additional capitalization of the Meigs County Grant/Loan Program. Septic Upgrade/Replacement monies are used to repay this debt.

The 911 Equipment loan in the amount of \$200,199 was obtained in 2008 for the purpose of purchasing new equipment for upgrades to the 911 system. Monies from the Debt Service Fund are used to repay this debt.

The Highway Equipment loan in the amount of \$287,372 was obtained in 2009 for the purchase of a dump truck and a hydraulic excavator for the County Highway Department. Monies from the Auto License and Gas Fund are used to repay this debt.

The Farmer's Bank and Savings Company loan in the amount of \$55,681 was obtained to remodel a building for the Job and Family Service 'Jobs One-Stop' Renovation. Monies from the Debt Service are used to repay this debt.

The Farmer's Bank and Savings Company loan in the amount of \$302,237 was obtained to renovate the HVAC annex and multi purpose building. Monies from the Debt Service Fund will be used to repay this debt.

The Tandom Trucks loan was in the amount of \$289,433 for the purchase of 2 tandom trucks to be repaid over three annual payments. Auto License and Gas Fund monies are used to repay this debt.

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

NOTE 9 - DEBT OBLIGATIONS (Continued)

At December 31, 2011, the County's overall legal debt margin was \$5,969,185 with an unvoted debt margin of \$3,254,204.

The annual requirements to amortize debt and interest outstanding as of December 31, 2011, are as follows:

Year Ending December 31	Rural Hardship EPA Loan		Farmer's Bank		Tandom Trucks	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 1,950	\$ -	\$ 42,360	\$ 15,217	\$ 96,331	\$ 7,380
2013	1,950	-	44,370	13,208	99,956	3,755
2014	1,950	-	46,442	11,136	-	-
2015	1,950	-	48,603	8,973	-	-
2016	1,950	-	50,848	6,730	-	-
2017 - 2021	9,750	-	117,022	6,403	-	-
2022	1,950	-	-	-	-	-
Total	\$ 21,450	\$ -	\$ 349,645	\$ 61,667	\$ 196,287	\$ 11,135

Year Ending December 31	Highway Loan	
	Principal	Interest
2012	\$ 98,944	\$ 268
Total	\$ 98,944	\$ 268

NOTE 10 - JOINTLY GOVERNED ORGANIZATIONS

Gallia-Jackson-Meigs Counties Alcohol, Drug Addiction and Mental Health Services (ADAMH) Board

The ADAMH Board is a jointly governed organization. Participants are Gallia, Jackson, and Meigs 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 provided. The Board is managed by eighteen members, five appointed by the Commissioners of Jackson County, two by the Commissioners of Gallia County, and three by the Commissioners of Meigs County, which are proportionate to population; four by Ohio Department of Alcohol and Drug Addiction Services and four by the Ohio 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, contracting, and management.

All of the Board's revenue is from state and federal grants awarded to the multi-county board. Gallia County serves as the fiscal agent for the Board. Continued existence of the Board is not dependent on the County's continued participation, no debt exists, and the County does not have an equity interest in the Board. During 2011, the County made no contributions to the Board.

NOTE 10 - JOINTLY GOVERNED ORGANIZATIONS (Continued)

Gallia-Jackson-Meigs-Vinton Joint Solid Waste Management District

The County is a member of a multi-county Joint Solid Waste Management District (District), which is a jointly governed organization involving Gallia, Jackson, Vinton, and Meigs counties. The purpose of the District is to plan and implement comprehensive and environmentally sound solid waste management facilities and provide for the establishment of waste minimization, waste reduction, and recycling programs. The District was created in 1989, as required by the Ohio Revised Code.

The Gallia-Jackson-Meigs-Vinton Joint Solid Waste Management District is governed and operated through three groups. A twelve member board of directors, comprised of three commissioners from each County, is responsible for the District's financial matters. Financial records are maintained by the District. The District's only revenue source is a waste disposal fee for in-district and out-of-district waste.

A twenty-five member policy committee, comprised of six members from each County and one at-large member appointed by the policy committee, is responsible for preparing the solid waste management plan of the District in conjunction with a Technical Advisory Council whose members are appointed by the policy committee. Each participating County's influence is limited to the number of members each appoints to the board. Continued existence of the District is not dependent on the County's continued participation, no equity interest exists. The District has \$31,485 debt outstanding to each Gallia and Jackson Counties which will be paid off during 2012.

Gallia-Meigs Regional Airport

The Gallia-Meigs Regional Airport (Airport) operates under a separate board that consists of seven members. The Gallia County Commissioners approve the budget, approve expenditures, approve fund deficits and are directly responsible for the debt. All of the land and fixed assets at the Airport belongs to Gallia County. The Airport rents the facilities from Gallia County. A manager contracted by the Airport board operates as a fixed based operator. The Airport generates revenue from sales and rental space. Grants are applied for through the Airport's name. Meigs County does not contribute financially to the Airport operations. The Airport operates on a calendar year basis. The operating statement of the Airport is present at the object level. The Airport is required only to report operating information at the program level; however, since it operates under a single program, object level information is presented to provide more comprehensive financial information. Financial statements are audited and issued as part of Gallia County and are not obtainable separately.

Gallia-Meigs Community Action Agency

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

NOTE 10 –JOINTLY GOVERNED ORGANIZATIONS (Continued)

Area Agency on Aging

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

Meigs County Park District

Meigs County Park District, Meigs County, Ohio, (the District) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is directed by a Board of Commissioners appointed by the probate judge of Meigs County. The District acquires lands for conversion into forest reserves and for the conservation of the natural resources, including streams, lakes, submerged lands and swamp lands. The Board may also create parks, parkways, and other reservations and may afforest, develop, improve and protect and promote the use of these as the Board deems conducive to the general welfare.

Southern Ohio Council of Governments

The County is a member of the Southern Ohio Council of Governments (the "Council"), which is a jointly governed organization created under Ohio Revised Code Section 167.01. The governing body consists of a thirteen member board with each participating County represented by its Director of its Board of Developmental Disabilities. Member counties include: Adams, Athens, Brown, Fayette, Gallia, Highland, Jackson, Lawrence, Pickaway, Pike, Ross, Scioto, and Vinton Counties. The Council acts as fiscal agent for the Meigs County Board of Developmental Disabilities' supportive living program monies. As of December 31, 2011, the County had no funds on hand with the Council. Financial statements can be obtained from the Council at 17273 St. Rt. 104, Building 8, Chillicothe, Ohio 45601.

NOTE 11 - PUBLIC ENTITY SHARED RISK POOL

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

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

NOTE 12 - CONTINGENCIES

A. Primary Government

Grants

The County has received financial assistance from federal and state agencies in the form of grants. The expenditure for funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims would not have a material adverse effect on the overall financial position of the County at December 31, 2011.

Litigation

The County is party to several lawsuits pending against the County. The County's legal counsel is uncertain as to the exact outcome of the lawsuits, and does not estimate any liability on the County's part.

B. Component Unit

As of December 31, 2011, there is no pending litigation against Meigs Industries, Inc.

NOTE 13 - INTERFUND ACTIVITY

	Transfers In	Transfers Out
Major Funds:		
General Fund	\$ -	\$ 12,975
MCBDD Fund	-	159,790
Non-major Funds:		
Other Governmental Funds	183,788	11,023
	\$ 183,788	\$ 183,788

Transfers are used to move revenues from the fund that collects them in accordance with statute or budget to the fund that is required to expend them in accordance with statute or budget; to segregate money for anticipated capital projects; to provide resources for current operations; or to service debt. Transfers from the General Fund were made to subsidize programs and retire debt. During 2011, pursuant to Ohio Revised Code Section 5705.14(H), the County made transfers from the MCBDD Fund to the Board of Developmental Disabilities capital funds of the County. Also, the County made transfers from Other Governmental Funds to debt service funds for the purpose of retiring debt in accordance with Ohio Revised Code 5705.14.

	Advances In	Advances Out
General Fund	\$ 10,280	\$ 8,956
Other Governmental Funds	8,956	10,280
	\$ 19,236	\$ 19,236

During the year, the County's General Fund made advances to other funds in anticipation of intergovernmental grant revenue. Advances to the General Fund are for repayments of outstanding advances.

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

NOTE 14 – ACCOUNTABILITY

As of December 31, 2011, the Diversion Grant and Community Corrections Special Revenue Funds had deficit cash balances in the amount of \$2,371 and \$2,309, respectively.

NOTE 15 - CHANGES IN ACCOUNTING PRINCIPLES/RESTATEMENT OF BALANCES

For fiscal year 2011, the County has implemented Governmental Accounting Standard Board (GASB) Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.”

GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The implementation of this statement resulted in the reclassification of certain funds, and resulted in a beginning balance restatement as follows:

	General Fund	MCBDD	Job and Family Services	Real Estate Assessment	Auto and License and Gas	All Other Governmental	Total Governmental Funds
Balance January 1, 2011	\$ 70,169	\$ 655,230	\$ 82,514	\$ -	\$ 542,590	\$ 2,499,912	\$ 3,850,415
Change in major fund	-	-	-	337,966	-	(337,966)	-
Reclassification of fund	279,894	-	-	-	-	(180,467)	99,427
Restated Balance January 1, 2011	<u>\$ 350,063</u>	<u>\$ 655,230</u>	<u>\$ 82,514</u>	<u>\$ 337,966</u>	<u>\$ 542,590</u>	<u>\$ 1,981,479</u>	<u>\$ 3,949,842</u>

	Fiduciary Funds
Balances January 1, 2011	\$ 2,718,871
Reclassification of fund	<u>(99,427)</u>
Restated Balance January 1, 2011	<u>\$ 2,619,444</u>

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

NOTE 16 - 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 the fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	MCBDD	Job and Family Services	Real Estate Assessment	Auto License and Gas	All Other Governmental	Total Governmental Funds
Nonspendable							
Unclaimed Monies	\$106,372	\$0	\$0	\$0	\$0	\$0	\$106,372
Restricted for							
Other Purposes	\$0	\$0	\$0	\$0	\$0	\$418,981	\$418,981
911	0	0	0	0	0	59,561	59,561
DRETAC	0	0	0	0	0	65,876	65,876
Mediation	0	0	0	0	0	31,448	31,448
Child Support Enforcement	0	0	0	0	0	231,009	231,009
Sanction Cost Reimbursement	0	0	0	0	0	177,423	177,423
Court Legal Research, Computerization and Other Purposes	0	0	0	0	0	301,031	301,031
Law Library	0	0	0	0	0	31,165	31,165
Care & Custody	0	0	0	0	0	119,426	119,426
EMS	0	0	0	0	0	99,539	99,539
Tuberculosis	0	0	0	0	0	146,541	146,541
Emergency Management	0	0	0	0	0	137,293	137,293
Childrens Service	0	0	0	0	0	360,187	360,187
Real Estate Assessment	0	0	0	481,248	0	0	481,248
Road Repair and Other Purposes	0	0	0	0	676,271	0	676,271
Job and Family Services	0	0	143,753	0	0	0	143,753
Board of DD/Residential	0	562,098	0	0	0	128,725	690,823
Debt Services Payments	0	0	0	0	0	29,595	29,595
Capital Improvements	0	0	0	0	0	118,699	118,699
Total Restricted	<u>0</u>	<u>562,098</u>	<u>143,753</u>	<u>481,248</u>	<u>676,271</u>	<u>2,456,499</u>	<u>4,319,869</u>
Assigned to							
Other Purposes	<u>8,916</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8,916</u>
Unassigned (Deficit)							
	<u>215,352</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(4,680)</u>	<u>210,672</u>
Total Fund Balances	<u>\$330,640</u>	<u>\$562,098</u>	<u>\$143,753</u>	<u>\$481,248</u>	<u>\$676,271</u>	<u>\$2,451,819</u>	<u>\$4,645,829</u>

NOTE 17 – SUBSEQUENT EVENTS

During 2012, an allegation of theft was made against an employee in the Sheriff's Department which involved webcheck fees, concealed carry weapon fees and sheriff sales receipts. These allegations are currently under investigation by state and local authorities and may involve receipts from a portion of 2011. At this time the effect on the financial statements is not known, but it is not expected to have an adverse effect on the financial condition of the County.

MEIGS COUNTY FINANCIAL CONDITION
Schedule of Federal Awards Expenditures
For the Year Ended December 31, 2011

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>U.S. Department of Agriculture</u>			
<i>Passed through the Ohio Department of Education</i>			
Child Nutrition Cluster:			
School Breakfast Program	05PU	10.553	\$1,017
National School Lunch Program	LLP4	10.555	15,893
Total Child Nutrition Cluster			<u>16,910</u>
<i>Passed through the Ohio Department of Job & Family Services</i>			
Food Stamp Cluster:			
State Admin Matching Grants for Food Stamp Program	(1)	10.561	139,532
Total Food Stamp Cluster			<u>139,532</u>
Total US Department of Agriculture			<u>156,442</u>
<u>U.S. Department of Housing and Urban Development</u>			
<i>Passed through the Ohio Department of Development/State's Program</i>			
Community Development Block Grants:			
CDBG Water and Sewer Grant	B-W-09-1BW-1	14.228	359,704
HOME Repair	S-C-10-1BW-1	14.228	87,517
FY10 CDBG Formula	B-F-10-1BW-1	14.228	206,436
FY10 CHIP	B-C-10-1BW-1	14.228	14,858
FY10 CHIP	B-C-10-1BW-2	14.228	175,861
Total Community Development Block Grants			<u>844,376</u>
Total U.S. Department of Housing and Urban Development			<u>844,376</u>
<u>US Department of Justice</u>			
<i>Passed through the Ohio Department of Justice</i>			
Edward Byrne Memorial Justice Assistance Grant Program	2010 JG-LLE-5148	16.738	14,734
Edward Byrne Memorial Justice Assistance Grant Program	2010 JG-LLE-5148	16.738	5,285
Edward Byrne Memorial Justice Assistance Grant Program	2009-JG-OPD-P3732	16.738	12,000
Total U.S. Department of Justice			<u>32,019</u>
<u>U.S. Department of Labor</u>			
<i>Passed through the Ohio Department of Job and Family Services</i>			
Workforce Initiative Allocation - Adult	(1)	17.258	63,956
Workforce Initiative Allocation - Youth Activities	(1)	17.259	130,647
ARRA Workforce Initiative Allocation - Administration	(1)	17.259	23,648
Workforce Initiative Allocation - Dislocated Workers	(1)	17.260	122,927
ARRA Workforce Initiative Allocation - Dislocated Workers	(1)	17.260	51,073
Total Workforce Initiative Allocation Cluster			<u>392,251</u>
Total U.S. Department of Labor			<u>392,251</u>
<u>Ohio Department of Transportation</u>			
<i>Passed Through the Ohio Department of Transportation</i>			
STW 2010 CEAO Load Ratings #2	(1)	20.205	7,136
Hazardous Materials Emergency Preparedness (HMEP)	(1)	20.703	13,489
Total Ohio Department of Transportation			<u>20,625</u>
<u>U.S. Department of Education</u>			
<i>Passed through the State Department of Education</i>			
Special Education Cluster:			
Special Education Grants to States	6BSF	84.027	27,908
Special Education Preschool Grant	PGS1	84.173	12,913
Total Special Education Cluster			<u>40,821</u>
Total U.S. Department of Education			<u>40,821</u>

MEIGS COUNTY FINANCIAL CONDITION
Schedule of Federal Awards Expenditures
For the Year Ended December 31, 2011

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>U.S. Department of Energy</u>			
<i>Passed Through the Ohio Department of Development</i>			
Energy & Conservation Block Grant	EECBG-10-05	81.128	257,350
Total U.S. Department of Energy			257,350
<u>U.S. Election Assistance Commission</u>			
<i>Passed Through U.S. Election Assistance Commission</i>			
Help America Vote Act	(1)	90.401	790
Total Ohio Department of Public Safety			790
<u>U.S. Department of Health and Human Services</u>			
<i>Passed through the Ohio Department of Job & Family Services</i>			
Social Services Block Grant	(1)	93.667	550,509
<i>Passed through the State Department of Developmental Disabilities</i>			
Social Services Block Grant	(1)	93.667	15,572
Total Social Service Block Grant			566,081
<i>Passed through the State Department of Developmental Disabilities</i>			
Medicare Cluster:			
Medical Assistance Program	(1)	93.778	22,491
<i>Passed through the Ohio Department of Job & Family Services</i>			
Medical Assistance Program	(1)	93.778	977
Medical Assistance Program	(1)	93.778	451,285
Total Medicare Cluster			474,753
CCDF Cluster:			
Child Care Development Block Grant	(1)	93.575	28,789
Child Care Mandatory & Matching Funds	(1)	93.596	23,391
Total CCDF Cluster			52,180
Temporary Assistance for Needy Families (TANF)	(1)	93.558	1,114,427
Promoting Safe and Stable Families	(1)	93.556	47,751
Child Support Enforcement	(1)	93.563	242,654
Child Welfare Services State Grant	(1)	93.645	38,301
Foster Care Title VI-E Administration and Training	(1)	93.658	17,650
Adoption Assistance Title VI-E - Administration and Training	(1)	93.659	21,179
SCHIP	(1)	93.767	1,279
Total U.S. Department of Health and Human Services			2,576,255
<u>U.S. Department of Homeland Securities</u>			
<i>Passed through U.S. Department of Homeland Securities</i>			
Hazard Mitigation Grant Plan (HMGP)	(1)	97.039	13,860
Total Ohio Department of Public Safety			13,860
<u>Ohio Department of Public Safety</u>			
<i>Passed through the Ohio Department of Public Safety</i>			
State Homeland Security Program (SHSP)	(1)	97.067	3,080
Emergency Management Performance Grant (EMPG)	(1)	97.042	117,474
Total Ohio Department of Public Safety			120,554
Total Federal Expenditures			\$4,455,343

(1) - Passthrough entity number not available
(2) - Direct from the federal government

See accompanying notes to the schedule of federal awards expenditures.

MEIGS COUNTY
Notes to the Schedule of Federal Awards Expenditures
For the year ended December 31, 2011

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures is a summary of the activity of the County's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B - MATCHING REQUIREMENTS

Certain Federal programs require that the County contribute non-federal funds (matching funds) to support the Federally-funded programs. The County has complied with the matching requirements. The expenditure of non-Federal matching funds is not included in the schedule.

NOTE C - CHILD NUTRITION CLUSTER

Program regulations do not require the Government to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This monetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

This page intentionally left blank.

**Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Required By
Government Auditing Standards**

Board of Commissioners
Meigs County, Ohio
100 East Second Street
Pomeroy, OH 45769

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Meigs 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 August 9, 2012, wherein we noted the County's financial statements have been prepared on the cash basis of accounting rather than the generally accepted accounting principles. We also noted the County adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We did not audit the financial statements of Meigs Industries, Inc., which were audited by other auditors whose report thereon has been furnished to us, and our opinion insofar as it relates to the amounts included for Meigs Industries, Inc., is based solely on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Government'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 Government's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Government'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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting, that we consider a 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 an instance of noncompliance and other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2011-001.

We also noted certain matters that we have reported to the management of the County in a separate letter dated August 9, 2012.

The County's written response to the finding identified in our audit has not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Commissioners, management, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.

August 9, 2012

**Report on Compliance with Requirements Applicable to
Each Major Program and Internal Control over Compliance in
Accordance with OMB Circular A-133**

Board of Commissioners
Meigs County, Ohio
100 East Second Street
Pomeroy, OH 45769

Compliance

We have audited the compliance of Meigs County, Ohio (the County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the County's major federal programs for the year ended December 31, 2011. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs are the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

As described in item 2011-002, in the accompanying schedule of findings, Meigs County did not comply with the requirements regarding Cash Management that are applicable to its Community Development Block Grant. Compliance with such a requirement is necessary, in our opinion, for Meigs County to comply with the requirements of this major program.

In our opinion, except for the noncompliance described in the preceding paragraph, Meigs County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011.

Internal Control over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with 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 have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or to detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *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 type of federal program compliance requirement will not be prevented, or timely detected and corrected. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2011-002 to be a material weakness.

The County's written response to the finding identified in our audit has not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.

August 9, 2012

MEIGS COUNTY, OHIO
Schedule of Findings
For the Year Ended December 31, 2011

A. SUMMARY OF AUDITOR'S RESULTS

1. Type of Financial Statement Opinion	Unqualified
2. Were there any material internal control weaknesses reported at the financial statement level (GAGAS)?	No
3. Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
4. Was there any material noncompliance reported at the financial statement level (GAGAS)?	Yes
5. Were there any material internal control weaknesses reported for major federal programs?	Yes
6. Were there any other significant deficiencies in internal control reported for major federal programs?	No
7. Type of Major Programs' Compliance Opinion	Qualified - Community Development Block Grants Unqualified – Medicare Cluster, Temporary Assistance for Needy Families, Workforce Initiative Allocation Cluster, Energy & Conservation Block Grant
8. Are there any reportable findings under § .510?	Yes
9. Major Programs (list):	Community Development Block Grants - CFDA#14.228 Medicare Cluster - CFDA#93.778 Temporary Assistance for Needy Families - CFDA#93.558 Workforce Initiative Allocation Cluster - CFDA #17.258/17.259/17.260 Energy & Conservation Block Grant - CFDA#81.128
10. Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: All Other Programs
11. Low Risk Auditee?	No

MEIGS COUNTY, OHIO
Schedule of Findings
For the Year Ended December 31, 2011

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

Finding Number 2011-001

Annual Financial Report - Noncompliance Citation

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

Ohio Admin. Code Section 117-2-03(B) requires the County to prepare its annual financial report in accordance with generally accepted accounting principles. However, the County prepared its financial statements and notes omitted assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Rev. Code Section 117.38 the County may be fined and subject to various other administrative remedies for its failure to file the required financial report.

The County should prepare its annual financial report in accordance with generally accepted accounting principles.

Officials Response

The County has no immediate plans to file its annual financial report in accordance with generally accepted accounting principles. This may be an option in the future if the County's financial conditions improve.

MEIGS COUNTY, OHIO
Schedule of Findings
For the Year Ended December 31, 2011

C. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

CFDA Title and Number	Community Development Block Grants - 14.228
Grant Year	2011
Federal Agency	U.S. Department of Housing and Urban Development
Pass-Through Agency	Ohio Department of Development
Finding Number	2011-002

Cash Management (Fifteen-Day Rule) - Material Weakness

OHCP Management Rules and Regulations, Section (A)(3)(f) states that grantees must develop a cash management system to ensure compliance with the Fifteen-Day Rule relating to prompt disbursement of Funds. This rule states that funds drawn down should be limited to amounts that will enable the grantee to disburse the funds on hand to a balance of less than \$5,000 within fifteen days of the receipt of any funds.

The Grants Office maintained a fund balance of greater than \$5,000 several times throughout the year for longer than fifteen days after receipt of a draw in the CDBG Formula Grant.

The Grants Office should develop, implement, and monitor procedures to ensure that money drawn down is disbursed within fifteen days.

Officials Response

The director of the Grants Office has indicated that a policy will be developed to help ensure that grant draws will be disbursed within fifteen days of their receipt.

MEIGS COUNTY, OHIO
Schedule of Prior Audit Findings
For the Year Ended December 31, 2011

Finding Number	Description	Status	Comments
<i>Government Auditing Standards:</i>			
2010-001	Ohio Admin Code Section 117-22-03(B) requires the County to prepare its annual financial report in accordance with generally accepted accounting principles. The County filed its report using the cash basis of accounting.	Not Corrected	Re-issued in current Schedule of Audit Findings as item 2011-001.
2010-002	Federal program compliance requirements state that the County must develop a cash management plan to comply with the 15-day rule relating to disbursement of funds.	Not Corrected	Re-issued in current Schedule of Audit Findings as item 2011-002.

MEIGS COUNTY, OHIO
Corrective Action Plan
For the Year Ended December 31, 2011

Finding Number	Planned Corrective Action	Anticipated Completion Date	Contact Person
2011-001	The County does not anticipate filing on a GAAP basis until financial conditions improve.	No estimated date.	Mary Byer-Hill, Auditor County Commissioners: Thomas Anderson, President Michael Bartrum, Vice President Tim Ihle, Member
2011-002	The Grants Office director will monitor cash needs more closely to help ensure the prompt disbursement of grant funds.	Immediate future	Mary Byer-Hill, Auditor County Commissioners: Thomas Anderson, President Michael Bartrum, Vice President Tim Ihle, Member

This Page Left Intentionally Blank



Dave Yost • Auditor of State

MEIGS COUNTY FINANCIAL CONDITION

MEIGS 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