

Madison County
Single Audit
For the Year Ended December 31, 2011



Millhuff-Stang, CPA, Inc.
1428 Gallia Street, Suite 2
Portsmouth, Ohio 45662
Phone: 740.876.8548 ■ Fax: 888.876.8549
Website: www.milhuffstangcpa.com ■ Email: natalie@milhuffstangcpa.com



Dave Yost • Auditor of State

Board of Commissioners
Madison County
1 North Main Street
London, Ohio 43140

We have reviewed the *Independent Auditor's Report* of Madison County, prepared by Millhuff-Stang, CPA, 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. Madison 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

April 5, 2013

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Madison County
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Independent Auditor's Report

Board of Commissioners
Madison County
1 North Main Street
London, Ohio 43140-0047

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government 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 the 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 Section 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 accounting basis. This is a comprehensive accounting basis other than generally accepted accounting principles. 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 basis financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Madison County, Ohio as of December 31, 2011, and the respective changes in cash basis financial position thereof, and the respective budgetary comparisons for the General Fund, Motor Vehicle Gasoline Tax Fund, Public Assistance Fund, DD General Fund, and Municipal Court-Special Projects Fund for the year then ended in conformity with the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2013 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of federal awards expenditures is fairly stated in all material respects in relation to the basic financial statements as a whole.

As described in Note 15, the County implemented Governmental Accounting Standard Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.



Natalie Millhuff-Stang, CPA
President/Owner
Millhuff-Stang, CPA, Inc.

January 28, 2013

Madison County
Management's Discussion and Analysis
For the Year Ended December 31, 2011
(Unaudited)

The discussion and analysis of Madison County's financial performance provides an overview of the County's financial activities for the fiscal 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 financial statements that begin on page 12.

Financial Highlights

Key financial highlights for 2011 are as follows:

Overall:

- Total net assets increased by \$1,478,876 with governmental activities increasing by \$1,472,721 and business-type activities increasing by \$6,155.
- Total cash receipts were \$34,397,910 in 2011.
- Total cash disbursements were \$32,919,034 in 2011.

Governmental Activities:

- Total program cash receipts were \$20,661,484 in 2011, while program cash disbursements were \$31,099,819.
- Program cash disbursements were primarily comprised of human services, legislative and executive, judicial, public works, health, public safety and capital outlay related cash disbursements which were \$5,677,381, \$6,390,718, \$2,483,829, \$5,166,491, \$5,205,585, \$3,074,876, and \$2,290,332, respectively, in 2011.

Business-Type Activities:

- Program cash receipts were \$1,818,229 for business-type activities, while corresponding cash disbursements were \$1,801,601.

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 both an aggregate view of the County's cash basis finances and a longer-term view of those 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 Madison County, the General Fund, the Motor Vehicle Gasoline Tax Fund, the Public Assistance Fund, the DD General Fund and the Municipal Court-Special Projects Fund are the most significant funds and have been presented as major funds.

Madison County
Management's Discussion and Analysis
For the Year Ended December 31, 2011
(Unaudited)

Reporting the County as a Whole

Statement of Net Assets and 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 and the statement of activities 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, the County is divided into two distinct kinds of activities:

- Governmental Activities - Most of the County's programs and services are reported here including general government, public safety, public works, health, human services, conservation and recreation, miscellaneous, capital outlay, and debt service.
- Business-Type Activities - These services are provided on a charge for goods or services basis to recover all of the cash disbursements of goods or services provided. The County's wastewater treatment program and airport operations are reported as business-type activities.

Reporting the County's Most Significant Funds

Fund Financial Statements

The analysis of the County's major funds begins on page 9. 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, the Motor Vehicle Gasoline Tax Fund, the Public Assistance Fund, the DD General Fund and the Municipal Court-Special Projects Fund.

Madison County
Management's Discussion and Analysis
For the Year Ended December 31, 2011
(Unaudited)

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. However, differences will be apparent when comparing gross revenues and expenses on the fund financial statements to the statement of activities due to transfers and advances netted on the statement of activities.

Proprietary Funds

The County's proprietary funds use the same basis of accounting (cash basis) as governmental fund activities; therefore, these statements will essentially match the information provided in the statements for the County as a whole.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The County's only fiduciary funds are agency funds. Only the cash held at year-end for the agency funds are reported.

Madison County
Management's Discussion and Analysis
For the Year Ended December 31, 2011
(Unaudited)

The County as a Whole

Recall that the statement of net assets provides the perspective of the County as a whole. Table 1 provides a summary of the County's net assets for 2011 compared to the prior year:

Table 1

	Governmental Activities		Business-Type Activities		Totals	
	2011	2010*	2011	2010	2011	2010*
Assets						
Equity in Pooled Cash and Cash Equivalents	\$15,872,122	\$14,399,401	\$928,972	\$922,817	\$16,801,094	\$15,322,218
Total Assets	\$15,872,122	\$14,399,401	\$928,972	\$922,817	\$16,801,094	\$15,322,218
Net Assets						
Restricted for:						
Debt Service	\$59,954	\$40,169	\$0	\$0	\$59,954	\$40,169
Capital Projects	1,473,196	1,207,737	0	0	1,473,196	1,207,737
Children Services	1,119,086	1,077,835	0	0	1,119,086	1,077,835
Felony Delinquency	143,488	33,433	0	0	143,488	33,433
Municipal Court- Special Projects	2,793,161	2,377,100	0	0	2,793,161	2,377,100
Municipal Court Computerization	397,670	353,539	0	0	397,670	353,539
Motor Vehicle Gasoline Tax	717,406	1,038,339	0	0	717,406	1,038,339
Public Assistance	407,032	576,613	0	0	407,032	576,613
DD General	2,444,133	1,921,636	0	0	2,444,133	1,921,636
Law Enforcement Trusts	290,936	274,309	0	0	290,936	274,309
Real Estate Assessment	1,302,632	1,103,645	0	0	1,302,632	1,103,645
911 Service	646,101	549,974	0	0	646,101	549,974
Indigent Drivers Alcohol Treatment	171,355	143,465	0	0	171,355	143,465
Child Support Enforcement	454,883	417,488	0	0	454,883	417,488
Community Development	247,807	52,734	0	0	247,807	52,734
Delinquent Tax Collections	402,965	375,923	0	0	402,965	375,923
Permanent Fund:						
Expendable	14,931	14,670	0	0	14,931	14,670
Nonexpendable	40,000	40,000	0	0	40,000	40,000
Other Purposes	854,011	981,748	0	0	854,011	981,748
Unrestricted	1,891,375	1,819,044	928,972	922,817	2,820,347	2,741,861
Total Net Assets	\$15,872,122	\$14,399,401	\$928,972	\$922,817	\$16,801,094	\$15,322,218

* Certain reclassifications were made for consistency of classification between years. Balances were also restated as described in note 15 to the basic financial statements.

Madison County
Management's Discussion and Analysis
For the Year Ended December 31, 2011
(Unaudited)

Total assets and net assets increased by \$1,478,876 from 2010 to 2011.

\$13,980,747 of the County's net cash assets are subject to external restrictions on how it may be used. The remaining balance of government-wide unrestricted net cash assets of \$2,820,347 is unrestricted and may be used to meet the County's ongoing obligations to citizens and creditors.

Table 2 shows changes in net assets for fiscal years 2011 and 2010.

Table 2

	Governmental Activities		Business-Type Activities		Totals	
	2011	2010*	2011	2010	2011	2010*
Cash Receipts, Transfers, and Advances						
Program Cash Receipts:						
Charges for Services and Sales	\$7,578,184	\$7,580,795	\$1,555,114	\$835,626	\$9,133,298	\$8,416,421
Operating Grants and Contributions	12,317,270	12,190,101	0	57,345	12,317,270	12,247,446
Capital Grants and Contributions	766,030	478,553	263,115	689,139	1,029,145	1,167,692
Total Program Cash Receipts	20,661,484	20,249,449	1,818,229	1,582,110	22,479,713	21,831,559
General Cash Receipts, Transfers, and Advances:						
Property Taxes	5,370,618	5,332,550	0	0	5,370,618	5,332,550
Sales Taxes	4,314,519	3,924,358	0	0	4,314,519	3,924,358
Grants and Entitlements not Restricted to Specific Programs	1,655,764	2,356,279	0	0	1,655,764	2,356,279
Proceeds of Notes	0	541,743	0	0	0	541,743
Transfers In (Out)	0	(6,801)	0	6,801	0	0
Advances In (Out)	17,614	0	(17,614)	0	0	0
Interest Receipts	126,131	44,247	1,183	1,381	127,314	45,628
Proceeds from Sale of Assets	343,181	0	4,570	0	347,751	0
Miscellaneous	83,229	244,796	1,388	0	84,617	244,796
Total General Cash Receipts, Transfers, and Advances	11,911,056	12,437,172	(10,473)	8,182	11,900,583	12,445,354
Total Cash Receipts, Transfers, and Advances	32,572,540	32,686,621	1,807,756	1,590,292	34,380,296	34,276,913

Madison County
Management's Discussion and Analysis
For the Year Ended December 31, 2011
(Unaudited)

	Governmental Activities		Business-Type Activities		Totals	
	2011	2010*	2011	2010	2011	2010*
Program Cash Disbursements:						
General Government:						
Legislative and Executive	\$6,390,718	\$6,079,695	\$0	\$0	\$6,390,718	\$6,079,695
Judicial	2,483,829	2,509,515	0	0	2,483,829	2,509,515
Public Safety	3,074,876	3,129,535	0	0	3,074,876	3,129,535
Public Works	5,166,491	4,703,459	0	0	5,166,491	4,703,459
Health	5,205,585	4,844,936	0	0	5,205,585	4,844,936
Human Services	5,677,381	5,781,200	0	0	5,677,381	5,781,200
Conservation and Recreation	135,773	136,073	0	0	135,773	136,073
Miscellaneous	181,063	160,035	0	0	181,063	160,035
Capital Outlay	2,290,332	3,316,578	0	0	2,290,332	3,316,578
Debt Service:						
Principal Retirement	357,982	1,700,204	0	0	357,982	1,700,204
Interest and Fiscal Charges	135,789	174,629	0	0	135,789	174,629
Total Program Cash Disbursements	31,099,819	32,535,859	0	0	31,099,819	32,535,859
Business-Type Activities Disbursements:						
Airport Operations	0	0	632,572	397,246	632,572	397,246
Wastewater Treatment	0	0	1,169,029	1,150,896	1,169,029	1,150,896
Total Business-Type Activities Disbursements	0	0	1,801,601	1,548,142	1,801,601	1,548,142
Total Cash Disbursements	31,099,819	32,535,859	1,801,601	1,548,142	32,901,420	34,084,001
Increase (Decrease) in Net Cash Assets	1,472,721	150,762	6,155	42,150	1,478,876	192,912
Net Cash Assets at Beginning of Year	14,399,401	14,248,639	922,817	880,667	15,322,218	15,129,306
Net Cash Assets at End of Year	\$15,872,122	\$14,399,401	\$928,972	\$922,817	\$16,801,094	\$15,322,218

* Balances were restated as described in note 15 to the basic financial statements.

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall monies generated by a voted levy do not increase solely as a result of inflation. Thus, the County's dependence upon property taxes is hampered by a lack of tax growth and it must return to voters to maintain a constant level of service. Property taxes and sales taxes made up 16 percent and 13 percent, respectively, of cash receipts for governmental activities for Madison County in fiscal year 2011. Charges for services and sales and operating grants and contributions made up 23 percent and 38 percent, respectively, of cash receipts for governmental activities for the County.

Madison County
Management's Discussion and Analysis
For the Year Ended December 31, 2011
(Unaudited)

The statement of activities shows the cost of program services and the charges for services and sales and grants offsetting those services. Table 3 shows, for governmental 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 dependence upon tax receipts and intergovernmental monies for governmental activities is apparent. Most human services activities are supported through charges for services and sales and operating grants and contributions; for all governmental activities general cash receipts, transfers, and advances support is 34 percent as shown in Table 2. The taxpayers and the State of Ohio, as a whole, provide the vast majority of resources for Madison 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

	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	\$6,390,718	\$4,260,424	\$6,079,695	\$4,019,717
Judicial	2,483,829	921,760	2,509,515	1,728,683
Public Safety	3,074,876	1,765,664	3,129,535	1,604,669
Public Works	5,166,491	(861,722)	4,703,459	(1,042,191)
Health	5,205,585	1,665,808	4,844,936	2,075,359
Human Services	5,677,381	689,136	5,781,200	672,234
Conservation and Recreation	135,773	104,621	136,073	108,403
Miscellaneous	181,063	173,075	160,035	18,332
Capital Outlay	2,290,332	1,516,760	3,316,578	1,471,790
Debt Service:				
Principal Retirement	357,982	120,183	1,700,204	1,506,503
Interest and Fiscal Charges	135,789	82,626	174,629	122,911
Total Governmental Activities	<u>\$31,099,819</u>	<u>\$10,438,335</u>	<u>\$32,535,859</u>	<u>\$12,286,410</u>
Business-Type Activities				
Airport Operations	\$632,572	(\$52,642)	\$397,246	(\$28,953)
Wastewater Treatment	1,169,029	36,014	1,150,896	(5,015)
Total Business-Type Activities	<u>\$1,801,601</u>	<u>(\$16,628)</u>	<u>\$1,548,142</u>	<u>(\$33,968)</u>

* Balances were restated as described in note 15 to the basic financial statements.

Business-Type Activities

Business-type activities include wastewater treatment services and a County-owned airport.

Overall net assets increased \$6,155 from 2010 to 2011. Mainly program cash receipts support business-type activities and during 2011 program cash receipts exceeded program cash disbursements.

The County's Funds

Information about the County's major funds starts on page 14. These funds are accounted for using the cash basis of accounting. All governmental funds had total cash receipts and other financing sources of \$33,537,663 and cash disbursements and other financing uses of \$32,064,942. The net change in fund balance for the year was most significant in the Municipal Court-Special Projects Fund cash balance which went from \$2,377,100 in 2010 to \$2,793,161 in 2011. This net change in fund balance was \$416,061.

Madison County
Management's Discussion and Analysis
For the Year Ended December 31, 2011
(Unaudited)

General Fund Budgeting Highlights

The County's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

For the General Fund, the original budget estimate and the final budget basis receipts and other financing sources were \$11,450,000 and \$11,826,734, respectively. Total actual receipts and other financing sources were \$11,657,111.

Total actual disbursements and other financing uses on the budget basis (cash outlays plus encumbrances) were \$11,678,321, \$21,210 less than cash receipts.

Capital Assets and Debt Administration

Capital Assets

The County does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements. The County had capital outlay disbursements of \$2,290,332 in governmental funds and \$295,004 in proprietary funds during 2011.

Debt

Under the cash basis of accounting the County does not report bonds, long-term notes or short-term notes in the accompanying basic financial statements. However, in order to provide information to the readers of this report, we are providing the following detailed information about bonds, long-term notes and short-term notes. At December 31, 2011, the County had \$2,502,634 in bonds and related long-term debt for governmental activities and \$7,063,963 in bonds and related long-term debt for business-type activities.

Table 4 summarizes long-term obligations outstanding for the past two years:

Table 4
 Outstanding Debt at December 31

	2011	2010
Governmental Activities:		
General Obligation Bonds	\$598,509	\$733,509
Special Revenue Bonds	1,650,000	1,795,000
Tax Increment Financing Bonds	82,963	108,114
Installment-Caterpillar Tractor	171,162	223,993
Total Governmental Activities Debt	2,502,634	2,860,616
Business-Type Activities:		
OWDA Loans	6,895,250	7,210,812
OPWC Loan	168,713	180,765
Total Business-Type Activities Debt	7,063,963	7,391,577
Total Outstanding Debt	\$9,566,597	\$10,252,193

Madison County
Management's Discussion and Analysis
For the Year Ended December 31, 2011
(Unaudited)

Current Financial Related Activities

Madison County is strong financially at the present time. However, as the preceding information shows, the County heavily depends on its property taxpayers as well as 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.

In addition, the County's system of budgeting and internal controls has made significant improvements over the past several years. 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, 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 Jennifer S. Hunter, CPA, County Auditor at Madison County, 1 North Main Street, London, Ohio 43140. Or e-mail at auditor@co.madison.oh.us.

Madison County
Statement of Net Assets - Cash Basis
December 31, 2011

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$15,872,122	\$928,972	\$16,801,094
<i>Total Assets</i>	15,872,122	928,972	16,801,094
Net Assets			
<i>Restricted for:</i>			
Debt Service	59,954	0	59,954
Capital Projects	1,473,196	0	1,473,196
Children Services	1,119,086	0	1,119,086
Felony Delinquency	143,488	0	143,488
Municipal Court Special Projects	2,793,161	0	2,793,161
Municipal Court Computerization	397,670	0	397,670
Motor Vehicle Gasoline Tax	717,406	0	717,406
Public Assistance	407,032	0	407,032
DD	2,444,133	0	2,444,133
Law Enforcement Trusts	290,936	0	290,936
Real Estate Assessment	1,302,632	0	1,302,632
911 Service	646,101	0	646,101
Indigent Drivers Alcohol Treatment	171,355	0	171,355
Child Support Enforcement	454,883	0	454,883
Community Development	247,807	0	247,807
Delinquent Tax Collections	402,965	0	402,965
Permanent Fund:			
Expendable	14,931	0	14,931
Nonexpendable	40,000	0	40,000
Other Purposes	854,011	0	854,011
Unrestricted	1,891,375	928,972	2,820,347
<i>Total Net Assets</i>	\$15,872,122	\$928,972	\$16,801,094

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

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

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities							
<i>Current:</i>							
<i>General Government:</i>							
Legislative and Executive	\$6,390,718	\$2,122,063	\$8,231	\$0	(\$4,260,424)	\$0	(\$4,260,424)
Judicial	2,483,829	1,448,774	113,295	0	(921,760)	0	(921,760)
Public Safety	3,074,876	664,039	645,173	0	(1,765,664)	0	(1,765,664)
Public Works	5,166,491	1,218,318	4,809,895	0	861,722	0	861,722
Health	5,205,585	765,369	2,774,408	0	(1,665,808)	0	(1,665,808)
Human Services	5,677,381	1,021,977	3,966,268	0	(689,136)	0	(689,136)
Conservation and Recreation	135,773	31,152	0	0	(104,621)	0	(104,621)
Miscellaneous	181,063	7,988	0	0	(173,075)	0	(173,075)
Capital Outlay	2,290,332	7,542	0	766,030	(1,516,760)	0	(1,516,760)
<i>Debt Service:</i>							
Principal Retirement	357,982	237,799	0	0	(120,183)	0	(120,183)
Interest and Fiscal Charges	135,789	53,163	0	0	(82,626)	0	(82,626)
<i>Total Governmental Activities</i>	<u>31,099,819</u>	<u>7,578,184</u>	<u>12,317,270</u>	<u>766,030</u>	<u>(10,438,335)</u>	<u>0</u>	<u>(10,438,335)</u>
Business-Type Activities							
Airport Operations	632,572	422,099	0	263,115	0	52,642	52,642
Wastewater Treatment	1,169,029	1,133,015	0	0	0	(36,014)	(36,014)
<i>Total Business-Type Activities</i>	<u>1,801,601</u>	<u>1,555,114</u>	<u>0</u>	<u>263,115</u>	<u>0</u>	<u>16,628</u>	<u>16,628</u>
<i>Total Primary Government</i>	<u>\$32,901,420</u>	<u>\$9,133,298</u>	<u>\$12,317,270</u>	<u>\$1,029,145</u>	<u>(10,438,335)</u>	<u>16,628</u>	<u>(10,421,707)</u>
General Cash Receipts and Advances:							
<i>Property Taxes Levied for:</i>							
General Purposes					2,685,555	0	2,685,555
DD Purposes					2,128,599	0	2,128,599
Other Purposes					556,464	0	556,464
Sales Taxes					4,314,519	0	4,314,519
Grants and Entitlements not Restricted to Specific Programs					1,655,764	0	1,655,764
Investment Earnings					126,131	1,183	127,314
Proceeds from Sale of Assets					343,181	4,570	347,751
Miscellaneous					83,229	1,388	84,617
<i>Total General Cash Receipts</i>					<u>11,893,442</u>	<u>7,141</u>	<u>11,900,583</u>
Advances					17,614	(17,614)	0
Change in Net Assets					1,472,721	6,155	1,478,876
<i>Net Assets at Beginning of Year-Restated</i>					<u>14,399,401</u>	<u>922,817</u>	<u>15,322,218</u>
<i>Net Assets at End of Year</i>					<u>\$15,872,122</u>	<u>\$928,972</u>	<u>\$16,801,094</u>

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

Madison County
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2011

	General	Motor Vehicle Gasoline Tax	Public Assistance	DD General	Municipal Court-Special Projects	Other Governmental Funds	Total Governmental Funds
Assets							
Equity in Pooled Cash and Cash Equivalents	\$1,891,375	\$717,406	\$407,032	\$2,104,638	\$2,793,161	\$7,958,510	\$15,872,122
<i>Total Assets</i>	<u>\$1,891,375</u>	<u>\$717,406</u>	<u>\$407,032</u>	<u>\$2,104,638</u>	<u>\$2,793,161</u>	<u>\$7,958,510</u>	<u>\$15,872,122</u>
Fund Balances							
Nonspendable	\$190,028	\$0	\$0	\$0	\$0	\$40,000	\$230,028
Restricted	0	717,406	407,032	2,104,638	2,793,161	7,337,400	13,359,637
Committed	0	0	0	0	0	581,110	581,110
Assigned	27,606	0	0	0	0	0	27,606
Unassigned	1,673,741	0	0	0	0	0	1,673,741
<i>Total Cash Basis Fund Balances</i>	<u>\$1,891,375</u>	<u>\$717,406</u>	<u>\$407,032</u>	<u>\$2,104,638</u>	<u>\$2,793,161</u>	<u>\$7,958,510</u>	<u>\$15,872,122</u>

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

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

	General	Motor Vehicle Gasoline Tax	Public Assistance	DD General	Municipal Court-Special Projects	Other Governmental Funds	Total Governmental Funds
Cash Receipts							
Taxes	\$7,000,074	\$0	\$0	\$2,128,599	\$0	\$556,464	\$9,685,137
Charges for Services	2,002,662	700,601	659,920	642,387	0	1,283,402	5,288,972
Licenses and Permits	75,304	0	0	0	0	170,792	246,096
Fines and Forfeitures	591,620	82,622	0	0	497,267	396,726	1,568,235
Intergovernmental	1,769,059	4,316,460	2,128,789	2,774,408	0	3,750,348	14,739,064
Special Assessments	0	0	0	0	0	474,881	474,881
Interest	115,164	153	0	0	0	10,814	126,131
Other	66,695	196	0	0	0	16,338	83,229
<i>Total Receipts</i>	<i>11,620,578</i>	<i>5,100,032</i>	<i>2,788,709</i>	<i>5,545,394</i>	<i>497,267</i>	<i>6,659,765</i>	<i>32,211,745</i>
Cash Disbursements							
<i>Current:</i>							
<i> General Government:</i>							
Legislative and Executive	5,918,720	0	0	0	0	471,998	6,390,718
Judicial	2,270,747	0	0	0	0	213,082	2,483,829
Public Safety	2,009,231	0	0	0	0	1,065,645	3,074,876
Public Works	130,936	4,552,722	0	0	0	482,833	5,166,491
Health	72,116	0	0	5,020,713	0	112,756	5,205,585
Human Services	1,032,903	0	2,801,562	0	0	1,842,916	5,677,381
Conservation and Recreation	135,773	0	0	0	0	0	135,773
Miscellaneous	34,813	0	0	0	46,070	100,180	181,063
Capital Outlay	29,793	560,469	156,728	91,679	35,136	1,416,527	2,290,332
<i> Debt Service:</i>							
Principal Retirement	0	0	0	0	0	357,982	357,982
Interest and Fiscal Charges	0	51,110	0	0	0	84,679	135,789
<i>Total Disbursements</i>	<i>11,635,032</i>	<i>5,164,301</i>	<i>2,958,290</i>	<i>5,112,392</i>	<i>81,206</i>	<i>6,148,598</i>	<i>31,099,819</i>
<i>Excess of Receipts Over (Under) Disbursements</i>	<i>(14,454)</i>	<i>(64,269)</i>	<i>(169,581)</i>	<i>433,002</i>	<i>416,061</i>	<i>511,167</i>	<i>1,111,926</i>
Other Financing Sources (Uses)							
Proceeds from Sale of Assets	0	0	0	0	0	343,181	343,181
Advances In	247,217	0	0	0	0	42,614	289,831
Transfers In	92,000	0	0	0	0	600,906	692,906
Advances Out	(25,000)	(190,898)	0	0	0	(56,319)	(272,217)
Transfers Out	(227,432)	(65,766)	0	(250,000)	0	(149,708)	(692,906)
<i>Total Other Financing Sources (Uses)</i>	<i>86,785</i>	<i>(256,664)</i>	<i>0</i>	<i>(250,000)</i>	<i>0</i>	<i>780,674</i>	<i>360,795</i>
<i>Net Change in Fund Balances</i>	<i>72,331</i>	<i>(320,933)</i>	<i>(169,581)</i>	<i>183,002</i>	<i>416,061</i>	<i>1,291,841</i>	<i>1,472,721</i>
<i>Cash Basis Fund Balances at Beginning of Year-Restated</i>	<i>1,819,044</i>	<i>1,038,339</i>	<i>576,613</i>	<i>1,921,636</i>	<i>2,377,100</i>	<i>6,666,669</i>	<i>14,399,401</i>
<i>Cash Basis Fund Balances at End of Year</i>	<i>\$1,891,375</i>	<i>\$717,406</i>	<i>\$407,032</i>	<i>\$2,104,638</i>	<i>\$2,793,161</i>	<i>\$7,958,510</i>	<i>\$15,872,122</i>

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

Madison County
Statement of Receipts, Disbursements and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
General Fund
For the Year Ended December 31, 2011

	Original Balance	Final Balance	Actual	Variance with Final Budget
Receipts				
Taxes	\$7,409,000	\$7,213,611	\$7,000,074	(\$213,537)
Charges for Services	1,697,000	1,747,140	1,729,896	(17,244)
Licenses and Permits	94,000	94,000	75,304	(18,696)
Fines and Forfeitures	604,000	604,000	591,620	(12,380)
Intergovernmental	1,406,000	1,588,766	1,769,059	180,293
Interest	40,000	40,000	115,164	75,164
Other	200,000	200,000	36,777	(163,223)
<i>Total Receipts</i>	11,450,000	11,487,517	11,317,894	(169,623)
Disbursements				
<i>Current:</i>				
<i>General Government:</i>				
Legislative and Executive	5,371,614	6,099,950	5,744,390	355,560
Judicial	2,290,508	2,389,008	2,270,747	118,261
Public Safety	1,870,307	2,052,472	2,009,231	43,241
Public Works	258,265	140,992	130,936	10,056
Health	150,538	90,323	72,116	18,207
Human Services	987,200	1,086,176	1,032,903	53,273
Conservation and Recreation	136,073	136,074	135,773	301
Capital Outlay	15,000	30,200	29,793	407
<i>Total Disbursements</i>	11,079,505	12,025,195	11,425,889	599,306
<i>Excess of Receipts Over (Under) Disbursements</i>	370,495	(537,678)	(107,995)	429,683
Other Financing Sources (Uses)				
Advances In	0	247,217	247,217	0
Transfers In	0	92,000	92,000	0
Advances Out	0	(25,000)	(25,000)	0
Transfers Out	(267,278)	(227,812)	(227,432)	380
<i>Total Other Financing Sources (Uses)</i>	(267,278)	86,405	86,785	380
<i>Net Change in Fund Balances</i>	103,217	(451,273)	(21,210)	430,063
<i>Prior Year Encumbrances Appropriated</i>	114,602	114,602	114,602	0
<i>Fund Balances at Beginning of Year-Restated</i>	1,408,912	1,408,912	1,408,912	0
<i>Fund Balances at End of Year</i>	\$1,626,731	\$1,072,241	\$1,502,304	\$430,063

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

Madison County
Statement of Receipts, Disbursements and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
Motor Vehicle Gasoline Tax Fund
For the Year Ended December 31, 2011

	Original Balance	Final Balance	Actual	Variance with Final Budget
Receipts				
Charges for Services	\$700,728	\$700,728	\$700,601	(\$127)
Fines and Forfeitures	99,000	99,000	82,622	(16,378)
Intergovernmental	4,379,959	4,501,761	4,316,460	(185,301)
Interest	1,500	1,500	153	(1,347)
Other	500	500	196	(304)
<i>Total Receipts</i>	5,181,687	5,303,489	5,100,032	(203,457)
Disbursements				
<i>Current:</i>				
<i>General Government:</i>				
Public Works	4,488,593	5,231,791	4,552,722	679,069
Capital Outlay	737,876	560,828	560,469	359
<i>Debt Service:</i>				
Interest and Fiscal Charges	0	52,031	51,110	921
<i>Total Disbursements</i>	5,226,469	5,844,650	5,164,301	680,349
<i>Excess of Receipts Under Disbursements</i>	(44,782)	(541,161)	(64,269)	476,892
Other Financing Uses				
Advances Out	0	(190,898)	(190,898)	0
Transfers Out	(64,401)	(66,069)	(65,766)	303
<i>Total Other Financing Uses</i>	(64,401)	(256,967)	(256,664)	303
<i>Net Change in Fund Balances</i>	(109,183)	(798,128)	(320,933)	477,195
<i>Fund Balances at Beginning of Year</i>	1,038,339	1,038,339	1,038,339	0
<i>Fund Balances at End of Year</i>	\$929,156	\$240,211	\$717,406	\$477,195

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

Madison County
Statement of Receipts, Disbursements and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
Public Assistance Fund
For the Year Ended December 31, 2011

	Original Balance	Final Balance	Actual	Variance with Final Budget
Receipts				
Charges for Services	\$659,920	\$659,920	\$659,920	\$0
Intergovernmental	2,282,163	2,282,163	2,128,789	(153,374)
<i>Total Receipts</i>	2,942,083	2,942,083	2,788,709	(153,374)
Disbursements				
<i>Current:</i>				
Human Services	3,292,500	3,292,500	2,801,562	490,938
Capital Outlay	160,000	160,000	156,728	3,272
<i>Total Disbursements</i>	3,452,500	3,452,500	2,958,290	494,210
<i>Net Change in Fund Balances</i>	(510,417)	(510,417)	(169,581)	340,836
<i>Prior Year Encumbrances Appropriated</i>	80,581	80,581	80,581	0
<i>Fund Balances at Beginning of Year</i>	496,032	496,032	496,032	0
<i>Fund Balances at End of Year</i>	\$66,196	\$66,196	\$407,032	\$340,836

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

Madison County
Statement of Receipts, Disbursements and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
DD General Fund
For the Year Ended December 31, 2011

	Original Balance	Final Balance	Actual	Variance with Final Budget
Receipts				
Taxes	\$2,268,728	\$2,268,728	\$2,128,599	(\$140,129)
Charges for Services	637,434	637,434	642,387	4,953
Intergovernmental	2,462,284	2,462,284	2,774,408	312,124
<i>Total Receipts</i>	5,368,446	5,368,446	5,545,394	176,948
Disbursements				
<i>Current:</i>				
Health	5,043,946	5,043,946	5,020,713	23,233
Capital Outlay	90,500	90,500	91,679	(1,179)
<i>Total Disbursements</i>	5,134,446	5,134,446	5,112,392	22,054
<i>Excess of Receipts Over Disbursements</i>	234,000	234,000	433,002	199,002
Other Financing Uses				
Transfers Out	(250,000)	(250,000)	(250,000)	0
<i>Total Other Financing Uses</i>	(250,000)	(250,000)	(250,000)	0
<i>Net Change in Fund Balances</i>	(16,000)	(16,000)	183,002	199,002
<i>Fund Balances at Beginning of Year</i>	1,921,636	1,921,636	1,921,636	0
<i>Fund Balances at End of Year</i>	\$1,905,636	\$1,905,636	\$2,104,638	\$199,002

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

Madison County
Statement of Receipts, Disbursements and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
Municipal Court-Special Projects Fund
For the Year Ended December 31, 2011

	Original Balance	Final Balance	Actual	Variance with Final Budget
Receipts				
Fines and Forfeitures	\$0	\$0	\$497,267	\$497,267
<i>Total Receipts</i>	0	0	497,267	497,267
Disbursements				
<i>Current:</i>				
Miscellaneous	0	46,070	46,070	0
Capital Outlay	0	35,136	35,136	0
<i>Total Disbursements</i>	0	81,206	81,206	0
<i>Net Change in Fund Balances</i>	0	(81,206)	416,061	497,267
<i>Fund Balances at Beginning of Year</i>	2,377,100	2,377,100	2,377,100	0
<i>Fund Balances at End of Year</i>	\$2,377,100	\$2,295,894	\$2,793,161	\$497,267

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

Madison County
Statement of Fund Net Assets - Cash Basis
Proprietary Funds
December 31, 2011

	<u>Other Enterprise Funds</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$928,972</u>
<i>Total Assets</i>	928,972
Net Assets	
Unrestricted	<u>928,972</u>
<i>Total Net Assets</i>	<u><u>\$928,972</u></u>

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

Madison County
*Statement of Cash Receipts, Cash Disbursements and
 Changes in Fund Net Assets - Cash Basis
 Proprietary Funds
 For the Year Ended December 31, 2011*

	<u>Other Enterprise Funds</u>
Operating Cash Receipts	
Charges for Services	\$887,440
Special Assessments	667,674
Miscellaneous	<u>1,388</u>
<i>Total Operating Receipts</i>	1,556,502
Operating Cash Disbursements	
Personal Services	324,133
Contractual Services	443,285
Supplies and Materials	54,305
Capital Outlay	<u>295,004</u>
<i>Total Operating Disbursements</i>	<u>1,116,727</u>
<i>Operating Cash Receipts Over Operating Cash Disbursements</i>	439,775
Nonoperating Cash Receipts (Cash Disbursements)	
Grants	263,115
Interest	1,183
Proceeds from Sale of Assets	4,570
Principal Retirement	(327,613)
Interest and Fiscal Charges	(342,162)
Other Non-Operating Expenses	<u>(15,099)</u>
<i>Total Nonoperating Cash Receipts (Cash Disbursements)</i>	<u>(416,006)</u>
<i>Income before Advances</i>	23,769
Advances Out	<u>(17,614)</u>
<i>Change in Net Assets</i>	6,155
<i>Net Assets at Beginning of Year</i>	<u>922,817</u>
<i>Net Assets at End of Year</i>	<u><u>\$928,972</u></u>

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

Madison County
Statement of Fiduciary Net Assets - Cash Basis
Fiduciary Funds
December 31, 2011

	<u>Agency Funds</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$3,892,193
Cash and Cash Equivalents in Segregated Accounts	<u>645,184</u>
<i>Total Assets</i>	4,537,377
Net Cash Assets	<u>4,537,377</u>
<i>Total Net Assets</i>	<u><u>\$4,537,377</u></u>

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

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

1. Reporting Entity

Madison County is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the Ohio constitution and laws. 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, a Probate/Juvenile Court Judge, and a Municipal 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 exert direct operating control, except as described below.

The reporting entity is comprised of the primary government 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 Madison County, this includes the Madison County Board of Developmental Disabilities (DD), the Madison County Airport, Madison County Emergency Management Agency (EMA) and other departments and activities that are directly operated by 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 responsible 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. For the year ended December 31, 2011, the County reported no component units.

Separate Agencies

In the case of the separate agencies and districts listed below, the County serves as fiscal agent but the organizations are not considered part of Madison County. Accordingly, the activity of the following organizations is presented as agency funds within the financial statements:

Madison County-London City General Health District
Madison County Soil and Water Conservation District
Madison County Family and Children First Council

Other Organizations

The County is associated with certain organizations which are defined as joint ventures or jointly governed organizations as defined by GASB Statement 14:

1. Reporting Entity (Continued)

The Tri-County Corrections Board is a joint venture for the establishment of a central jail facility for the use of Champaign, Madison and Union Counties. The operation of the jail is controlled by a joint board whose membership consists of the sheriff, one judge, and one commissioner from each of the participating counties. Each County's ability to influence the operations of the jail is limited to their representation on the Board. Each County is charged for their share of the operating costs of the Center based on the number of individuals from their County in attendance. The County has ongoing financial responsibility for this entity and, in 2011, contributed \$1,302,948 toward the operation of this facility. Champaign County has been appointed the fiscal agent for the joint venture. Complete financial statements of the joint venture may be obtained from the Champaign County Auditor, Champaign County Courthouse, 200 North Main Street, Urbana, Ohio 43078.

The Central Ohio Youth Center, formerly the Five-County Joint Juvenile Detention and Rehabilitation Center, is a jointly governed organization involving Union, Champaign, Delaware, and Madison Counties. The Center provides facilities for the training, treatment, and rehabilitation of delinquent, dependent, abused or neglected children and was established under Section 2151.34 of the Ohio Revised Code. The operation of the Center is controlled by a joint Board of Trustees whose membership consists of two appointees from the host County, Union, and one each from Champaign, Delaware and Madison Counties. Each County's ability to influence the operations of the Center is limited to their representation on the Board of Trustees. Appropriations are adopted by the joint Board of Trustees who exercise control over the operation, maintenance, and construction of the Center. Each County is charged for their share of the operating costs of the Center based on the number of individuals from their County in attendance. In 2011, the County's share of operating costs was \$324,221. Union County serves as the fiscal agent.

Madison County participates in a jointly governed Solid Waste Management District along with Allen, Champaign, Hardin, Shelby, and Union Counties. The District was established following the requirements of House Bill 592. The Board of Directors consists of County Commissioners from each County. Each County's ability to influence the operations of the District is limited to their representation on the Board of Directors. The original funding for the District was contributed by each County based on its population compared to the total population for all participating counties. It is the intent of the District to be self-supporting. Allen County, the largest of the six Counties, is fiscal agent of the District.

The Madison County Park District is defined as a related organization to the County. The County's probate judge appoints its board members and the County is its fiscal agent. Activities of the Park District are reflected as an agency fund of the County.

The County's management believes these financial statements present all activities for which the County is financially accountable.

2. Summary of Significant Accounting Policies

These basic financial statements are presented on a cash basis of accounting. The cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). The County follows Governmental Accounting Standards Board (GASB) pronouncements and Accounting Principles Board (APB) opinions to the extent they are applicable to the County's cash basis of accounting. APB opinions issued on or before November 30, 1989, have been applied to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The County has elected to follow subsequent GASB guidance, rather than private-sector guidance issued after November 30, 1989. Following are the more significant of the County's accounting policies.

2. Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net assets-cash basis presents the cash basis financial condition of governmental and business-type 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 and business-type activities. Direct cash disbursements are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. 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. The comparison of direct cash disbursements with program cash receipts identifies the extent to which each business segment or governmental function is self-financing or draws from the general cash receipts of the County.

Fund Financial Statements

During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. The focus of 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 type.

B. Basis of Accounting

Although required by Ohio Administrative Code Section 117-2-03 (B) to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America (GAAP), the County chooses to prepare its financial statements and notes in accordance with the cash basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary disbursements when a commitment is made (i.e., when an encumbrance is approved). These statements include adequate disclosure of material matters, in accordance with the cash basis of accounting.

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.

2. Summary of Significant Accounting Policies (Continued)

C. Fund Accounting

The County's accounts are maintained on the basis of funds, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate compliance and to aid management by segregating transactions related to specific County functions or activities. The operation of each fund is accounted for within a separate set of self-balancing accounts.

Governmental Funds

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

General Fund

The General Fund is the operating fund of the County and is used to account for all financial resources except those required by law or contract to be accounted for 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.

Motor Vehicle Gasoline Tax Fund

The Motor Vehicle Gasoline Tax Special Revenue Fund is a major special revenue fund that accounts for monies received from state gasoline tax and motor vehicle registration fees designated for maintenance and repair of roads and bridges.

Public Assistance Fund

The Public Assistance Special Revenue Fund is a major special revenue fund that accounts for various federal and state grants as well as transfers from the General Fund used to provide public assistance to general relief recipients, pay their providers of medical assistance, and for certain public social services.

DD General Fund

The DD General Special Revenue Fund is a major special revenue fund that accounts for various federal and state grants and a property tax levy used to provide assistance and training to developmentally disabled individuals.

Municipal Court-Special Projects Fund

The Municipal Court-Special Projects Special Revenue Fund is a major special revenue fund that accounts for fines and forfeitures revenue to provide for current services to the community and the future expansion of the municipal court.

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

Proprietary Funds

The proprietary funds are used to account for the County's ongoing activities which are similar to those found in the private sector. Enterprise funds are the County's only proprietary fund types.

2. Summary of Significant Accounting Policies (Continued)

Enterprise Funds

These funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The County's enterprise funds are used to account for airport operations and wastewater treatment. There were no major enterprise funds for 2011.

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

Agency funds are held in a purely custodial capacity by the County as fiscal agent for other entities, and for various taxes, state-shared revenues and fines and forfeitures collected on behalf of and distributed to other local governments. Agency fund transactions typically involve only the receipt, temporary investment and distributions of these fiduciary resources.

D. Cash Receipts-Exchange and Non-exchange Transactions

Cash receipts resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the cash basis when the exchange takes place. On a cash basis, receipts are recorded in the year in which the resources are received.

Non-exchange transactions, in which the County receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On a cash basis, receipts from property taxes are recognized in the year in which the taxes are received. Receipts from grants, entitlements and donations are recognized in the year in which the monies have been received.

E. Cash Disbursements

On the cash basis of accounting, disbursements are recognized at the time payments are made.

F. Budgetary Process

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

2. Summary of Significant Accounting Policies (Continued)

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

G. Property, Plant and Equipment

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

H. Unpaid Vacation, Personal and Sick Leave

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

I. Long-Term Obligations

In general, bonds and long-term loans are not recognized as a liability in the basic financial statements under the cash basis of accounting, but are recorded as cash disbursements in the basic financial statements when paid.

J. Net Cash Assets

Net cash assets represent the cash and cash equivalent balances of the County at year-end. Net cash assets consist of cash receipts reduced by cash disbursements for the current year. Net cash 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 comprised primarily of net cash assets restricted for grants. The County applies restricted resources when an expense is incurred for the purposes for which both restricted and unrestricted net assets are available. None of the County's restricted net assets of \$13,980,747 are restricted by enabling legislation.

2. Summary of Significant Accounting Policies (Continued)

K. Cash and Cash Equivalents

To improve cash management, cash received by the County is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. County funds are maintained in several checking accounts as well as invested in certificates of deposit with terms of one to twelve months, governmental securities, and a money market fund account. Individual fund balance integrity is maintained through the County's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents". Balances of all funds are maintained in these accounts or are temporarily used to purchase certificates of deposit or investments. Cash and cash equivalents that are held in segregated accounts, and not included in the County Treasury, are recorded as "cash and cash equivalents in segregated accounts".

During 2011, investments were limited to Union Township Securities, Deer Creek Township Securities, City of London Securities, and London City School District Securities. All investments are reported at cost and are considered part of the cash management pool.

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 2011, interest receipts amounted to \$127,314, of which \$115,164 was recorded in the General Fund, \$153 was recorded in the Motor Vehicle Gasoline Tax Fund, \$152 was recorded in the I70/42 Sewer Usage Fund, \$27 was recorded in the Ditch Maintenance Fund, \$10,526 was recorded in the Permanent Improvement Fund, \$63 was recorded in the Burr Oaks Sewer Usage Fund, \$960 was recorded in the Choctaw Lake Construction Fund, \$8 was recorded in the Camp Wassilohican Fund, and \$261 was recorded in the Mary Statler Trust Fund.

For presentation on the statement of net assets-cash basis, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the County are reported as cash equivalents.

L. Operating Cash Receipts and Cash Disbursements

Operating cash receipts are those cash receipts that are generated directly from the primary activities of the proprietary funds. For the County, these receipts are charges for services for wastewater treatment and airport activities. Operating cash disbursements are necessary costs incurred to provide the goods or services that are the primary activities of the funds. Cash receipts and disbursements not meeting these definitions are reported as non-operating.

M. Fund Balances

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

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

2. Summary of Significant Accounting Policies (Continued)

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the County Commissioners. Those committed amounts cannot be used for any other purpose unless the County Commissioners remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

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

Unassigned Unassigned fund balance is the residual classification for the General Fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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.

N. Interfund Transactions

Exchange transactions between funds are reported as cash receipts in the seller funds and as cash disbursements in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating cash receipts/disbursements in proprietary funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented on the financial statements. Transfers between governmental activities and business-type activities are shown in the same manner as general receipts.

O. Interfund Receivables/Payables

The County reports advances in and advances out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements. Advances between governmental and business-type activities are shown in the same manner as general receipts.

3. Deposits and Investments

The County maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments.

Statutes require the classification of money held by the County into two categories. Active monies means the amount of public monies determined to be necessary to meet current demands upon the County treasury. Active monies must be held 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 that are not considered active are classified as inactive. Inactive monies may be invested or deposited in the following securities:

3. Deposits and Investments (Continued)

1. United States Treasury bills, notes, or other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States, or any book entry, zero coupon United States Treasury security that is a direct obligation of the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality;
3. Written repurchase and reverse repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio or its political subdivisions;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No load money market mutual funds;
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 simultaneously exchange either securities or cash, equal value for equal value;
9. Commercial paper notes, corporate notes and banker's acceptances; and
10. Debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government. All interest and principal shall be denominated and payable in United States funds.

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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits: 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. 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.

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

3. Deposits and Investments (Continued)

The County had cash on hand of \$21,560 as of December 31, 2011. The County's bank balance was \$17,281,954. The entire bank balance was either covered by FDIC or collateralized in accordance with the provisions identified in the preceding paragraph.

Investments: The County had the following investments as of December 31, 2011:

	Investment Balance	Maturity	
		< 1 year	> 1 year
City of London Securities	\$139,000	\$45,000	\$94,000
London City Schools Securities	4,100,000	2,020,000	2,080,000
Deer Creek Township Securities	163,100	38,400	124,700
Union Township Securities	239,750	56,250	183,500
Total	\$4,641,850	\$2,159,650	\$2,482,200

In 2010, Union Township authorized the issuance and sale of \$250,000 Building Construction Bonds Series 2010 for the purpose of constructing, equipping and furnishing a new township hall. The County of Madison, Ohio purchased such bonds upon the terms set forth in such proposal. The bond principal shall be payable in annual installments every December 1, commencing on December 1, 2011 and ending on December 1, 2015. The bonds bear interest at the rate of 4.40% per annum.

In 2011, the City of London authorized the issuance and sale of \$139,000 Street Sweeper Acquisition Bonds Series 2011 for the purpose of paying the cost of acquiring a street sweeper. The County of Madison, Ohio purchased such bonds upon the terms set forth in such proposal. The bond principal shall be payable in annual installments every June 1, commencing on June 1, 2012 and ending on June 1, 2014. The bonds bear interest at the rate of 2.50% per annum.

In 2011, London City School District authorized the issuance and sale of \$4,155,000 Refunding Bonds Series 2011 for the purpose of currently refunding school building construction and improvement bonds dated October 16, 2011. The County of Madison, Ohio purchased such bonds upon the terms set forth in such proposal. The bond principal shall be payable in annual installments every December 1, commencing on December 1, 2011 and ending on December 1, 2013. Interest shall be payable in semi-annual installments every June 1 and December 1, also commencing on December 1, 2011. The bonds bear interest at the rate of 3.75% per annum.

In 2011, Deer Creek Township authorized the issuance and sale of \$200,000 Building Construction Bonds Series 2011 for the purpose of constructing, equipping and furnishing a new township hall. The County of Madison, Ohio purchased such bonds upon the terms set forth in such proposal. The bond principal shall be payable in annual installments every December 1, commencing on December 1, 2011 and ending on December 1, 2015. The bonds bear interest at the rate of 4.00% per annum.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the investment policy, the County manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County limits their investments to those authorized by State statute. The Union Township, City of London, London City School District, and Deer Creek Township securities are unrated.

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

3. Deposits and Investments (Continued)

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The County’s investment policy allows investments in Repurchase Agreements, Certificates of Deposit or within financial institutions within the State of Ohio as designated by the Federal Reserve Board and other investments permitted by the Ohio Revised Code. The County’s investment in Union Township Securities was 5%, City of London Securities was 3%, London City School District Securities was 88%, and Deer Creek Township Securities was 4%.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County’s investments are held in the name in the County.

4. 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 reported for informational purposes only. Information regarding such changes in the County’s long-term obligations during 2011 is as follows:

	Balance 12/31/10	Additions	Deletions	Balance 12/31/11	Due in One Year
Governmental Activities Debt					
Human Services Building					
Refunding Bonds 3.2%	\$733,509	\$0	\$135,000	\$598,509	\$140,000
Engineer’s Building					
Construction Bonds 3.4%	1,795,000	0	145,000	1,650,000	150,000
Charleston/Chillicothe					
TIF-4.82%	108,114	0	25,151	82,963	26,363
Caterpillar Tractor-3.89%	223,993	0	52,831	171,162	54,888
Total Governmental Activities	<u>\$2,860,616</u>	<u>\$0</u>	<u>\$357,982</u>	<u>\$2,502,634</u>	<u>\$371,251</u>
	Balance	Additions	Deletions	Balance	Due in
	12/31/10			12/31/11	One Year
Business-Type Activities Debt					
OWDA loans					
170/US42 Sewer Construction					
7.55%	\$484,228	\$0	\$83,276	\$400,952	\$89,564
Burr Oaks Sewer Construction					
7.55%	100,795	0	19,681	81,114	21,167
Choctaw Lake Sewer					
Construction- 4.4%	6,552,345	0	209,995	6,342,350	219,336
Camp Wissalohican Sewer					
Construction- 6.41%	73,444	0	2,610	70,834	2,781
Total OWDA Loans	<u>7,210,812</u>	<u>0</u>	<u>315,562</u>	<u>6,895,250</u>	<u>332,848</u>
Choctaw Lake Sewer					
Construction OPWC-0%	180,764	0	12,051	168,713	12,051
Total Business-Type Activities Debt	<u>\$7,391,576</u>	<u>\$0</u>	<u>\$327,613</u>	<u>\$7,063,963</u>	<u>\$344,899</u>

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

4. Debt Obligations (Continued)

In 1999, the County issued \$2,028,092 of current interest bonds to provide resources that were placed in an irrevocable trust for the purpose of paying for all future debt service payments on \$1,745,000 of debt originally issued in 1995 for the construction of a Human Services Building. As a result, the refunded bonds are considered fully defeased. This advanced refunding was undertaken to reduce total debt service payments over the next 24 years by \$227,813. Principal and interest on the bonds are paid from the debt service fund.

The Engineer's Building Construction Bonds were issued for construction of an Engineering Facility. Building rentals and General Fund monies are used to pay this debt.

The County obtained a loan in 2008 in the amount of \$155,000 at an interest rate of 4.82%. Proceeds from this loan were used for the reconstruction of the Charleston/Chillicothe Road. Proceeds from a Tax Increment Financing Agreement will be used to repay this debt.

On February 9, 2009, the Madison County Commissioners approved the equipment purchase agreement of a Caterpillar Excavator and to finance \$274,843 at a fixed rate of 3.89% for five years from Municipal Services Group, Inc. The proper insurance coverage for public liability insurance was also obtained. Amendment Agreement No. 1 was entered into on March 11, 2009 to include certain provisions of Ohio law which are required. Principal and interest payments on the bonds were paid from the Ditch Equipment Non-Major Capital Projects Fund.

The OWDA loans were issued by the Ohio Water Development Authority for construction of sewer districts in the Burr Oaks subdivision, the I-70/U.S. Route 42 Interchange, the Camp Wisslohican subdivision and the Choctaw Lake subdivision. The County has pledged future customer revenues, net of specified operating expenses, to repay this debt. The loans are payable, through their final maturities solely from net revenues applicable to these funds. Total interest and principal remaining to be paid on these loans is \$3,216,660 and \$6,895,250, respectively.

The OPWC loan was issued by the Ohio Public Works Commission for construction of the Choctaw Lake Sewer District. This loan is interest-free. User fees charged to residents of this District are used to pay this debt.

Annual debt service requirements to maturity for debt are as follows:

Governmental Activities:

Year Ending December 31	Principal	Interest	Total
2012	\$371,251	\$105,429	\$476,680
2013	394,660	88,680	483,340
2014	324,716	153,335	478,051
2015	240,327	142,887	383,214
2016	241,616	138,110	379,726
2017-2020	930,064	295,257	1,225,321
Total	<u>\$2,502,634</u>	<u>\$923,698</u>	<u>\$3,426,332</u>

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

4. Debt Obligations (Continued)

Business-Type Activities:

Year Ending December 31	Principal	Interest	Total
2012	\$344,899	\$317,570	\$662,469
2013	363,197	299,271	662,468
2014	382,571	279,896	662,467
2015	389,501	259,323	648,824
2016	276,676	238,665	515,341
2017-2021	1,572,064	1,004,643	2,576,707
2022-2026	1,930,320	634,334	2,564,654
2027-2031	1,804,735	182,958	1,987,693
Total	<u>\$7,063,963</u>	<u>\$3,216,660</u>	<u>\$10,280,623</u>

In 2003, the Madison County Airport Authority entered into a loan agreement with the Madison County Board of Commissioners. The \$292,000 loan was for the renovation of the airport hangar. The loan is for 16 years at 5% interest. The monthly payment for this loan is \$2,345 which includes interest and principal. The principal and interest paid in 2011 was \$17,614 and \$10,526, respectively. As this is an intra-county loan agreement between the Board of Commissioners and the Airport Authority, the principal and interest is not included in the long term debt obligations of the County. The principal balance remaining as of December 31, 2011 is \$192,914.

In 2010, the Madison County Auditor's office entered into a loan agreement with the Madison County Treasurer. The aggregate principal of \$481,743 Various Purpose Refunding Bonds dated September 15, 2010 was for the purpose of refunding various debt obligations. The 5 bonds numbered R-1 through R-5 are for one-year increments at 4.50% per annum. The first payment was paid to the Madison County Treasurer on June 1, 2011. The principal and interest paid in 2011 was \$223,717 and \$15,356, respectively. As this is an intra-county loan agreement between the County Auditor and County Treasurer, the principal and interest is not included in the long term debt obligations of the County. The principal balance remaining as of December 31, 2011 was \$258,026.

5. Property Taxes

Real property taxes are levied on assessed values which equal 35% of appraised value. The County Auditor reappraises all real property every six years with a triennial update.

Real property taxes become a lien on all non-exempt real property located in the County on January 1. Real property taxes are payable semiannually. Historically in Madison County the first payment is due in mid-February with the remainder due in mid-June of the same year. Under certain circumstances, State statute permits later payment dates to be established.

The full tax rate applied to real property for calendar year 2011 was \$10.60 per \$1,000 of assessed valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$8.71 per \$1,000 of assessed valuation for real property classified as residential/agricultural and \$9.29 per \$1,000 of assessed valuation for all other real property. Real property owners' tax bills are further reduced by homestead and rollback deductions, when applicable. The amount of these reductions is reimbursed to the County by the State of Ohio.

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

5. Property Taxes (Continued)

Owners of tangible personal property are required to file a list of such property including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property for 2011 was \$10.60 per \$1,000 of assessed valuation.

The assessed values upon which calendar year 2011 taxes were collected are:

Residential/Agricultural	\$697,328,860
Commercial/Industrial	122,382,930
General Personal Property	1,278,520
Public Utilities Personal Property	<u>30,301,200</u>
Total Assessed Valuation	<u>\$851,291,510</u>

The Madison County Treasurer collects property taxes on behalf of all taxing districts within the County. The Madison 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.

6. Permissive Sales and Use Tax

The County Commissioners, by resolution, imposed a 1.25 percent tax on all retail sales, except sales of motor vehicles, made in the County, or on the storage, use, or consumption of tangible personal property in the County, including automobiles. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies to the State Auditor the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month. The State Auditor then has five days in which to draw warrant payable to the County.

Proceeds of the tax are credited entirely to the General Fund. Sales and use tax revenue for 2011 amounted to \$4,314,519.

7. Insurance

A. General Risk

The County is exposed to various risks of loss related to torts; theft or damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2011, the County contracted with the County Risk Sharing Authority (CORSA) for property, general liability, commercial fleet, liability employees benefit, data processing equipment, 911 equipment, County Engineer contractor equipment, valuable papers additional, theft/disappearance/destruction for inside and outside, crime coverage, forgery and alteration of checks, and umbrella liability insurance. Insurance coverage stayed the same as in the prior year. Settlement amounts on claims have not exceeded insurance coverage in any of the past three years. There have been no significant changes in coverage from the prior year.

B. Health

The County provides fully insured health coverage to its employees through Anthem with the exception of the County Engineer's Department. Beginning December 1, 1991, the County Engineer provided employees with self-funded insurance through Managed Care of America, formerly Buckeye Employee Benefit Services, Inc. Claims paid in 2011 were \$449,969. 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.

8. Defined Benefit Retirement Plan

A. Ohio Public Employees Retirement System

All County full-time employees, other than teachers, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Plan (TP) is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan (MD) is 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 the member and (vested) employer contributions plus any investment earnings. The Combined Plan (CO) is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member Directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or calling 614-222-5601 or 1-800-222-7377.

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. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. The 2011 member contribution rates were 10.0% of covered payroll for members in state and local classifications. Public safety and law enforcement members contributed 11.0% and 11.6%, respectively. The 2011 employer contribution rate for state and local employers was 14.00% of covered payroll. The law enforcement and public safety division employer contribution rate was 18.10% of covered payroll.

The County's required contributions to OPERS for the years ended December 31, 2011, 2010, and 2009 were \$1,241,977, \$1,768,171, and \$1,101,099, respectively. 100 percent has been contributed for 2011, 2010 and 2009.

B. State Teachers Retirement System

Certified teachers employed by the School for the Developmentally Disabled participate in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple employer public employee retirement system.

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% 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 the defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll info 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.

8. Defined Benefit Retirement Plan (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 3370.89 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 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.

8. Defined Benefit Retirement Plan (Continued)

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 recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The County's contributions for pension obligations to STRS Ohio for the years ended December 31, 2011, 2010, and 2009 were \$32,531, \$41,758, and \$49,119, respectively. 100 percent has been contributed for 2011, 2010 and 2009.

STRS Ohio issues a stand-alone financial report. Additional information or copies of STRS Ohio's 2011 Comprehensive Annual Financial Report can be requested by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling toll-free 1-888-227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

9. Postemployment Benefits

A. Ohio Public Employees Retirement System

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

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

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients 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.

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

Employer contributions are expressed as a percentage of the covered payroll of active members. In 2011, state and local employers contributed at a rate of 14.00% of covered payroll and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB Plan.

9. 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 Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0% during calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2011. The portion of employer contributions allocated to health care for the calendar year beginning January 1, 2012 remained the same, but they are subject to change based on Board action. Employers will be notified if the portion allocated to health care changes during calendar year 2012. The OPERS Board of Trustees is also authorized to establish rules for the retiree, or their surviving beneficiaries, to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The employer contributions that were used to fund post-employment benefits were \$473,698 for 2011, \$548,336 for 2010, and \$464,035 for 2009.

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

B. State Teachers Retirement System

Plan Description – STRS Ohio administers a pension plan that is comprised of: a Defined Benefit Plan, a self-directed Defined Contribution Plan, and a Combined Plan that is a hybrid of the Defined Benefit Plan and the 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 Chapter 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 1-888-227-7877.

Funding Policy – Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14% employer contribution rate, 1% of covered payroll was allocated to post-employment health care for the years ended December 31, 2011, 2010, and 2009. The 14% employer contribution rate is the maximum rate established under Ohio law. The County's contributions for health care for the years ended December 31, 2011, 2010, and 2009 were \$2,502, \$2,983, and \$3,509, respectively. 100 percent has been contributed for 2011, 2010 and 2009.

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

10. Conduit Debt Obligations

During 1997, the County served as the issuer of \$2,700,000 in Multifamily Housing Revenue Bonds. The proceeds were used by a private corporation to fund the construction of an assisted living facility. The amount outstanding on this issue is \$2,190,000. In 2002, the County served as the issuer of \$4,200,000 in Multifamily Housing Mortgage Revenue Bonds. The proceeds were used by a private corporation to acquire, construct and equip a multifamily residential rental housing facility. The amount outstanding on this issue is \$3,770,000. In 2005, the County served as the issuer of \$11,125,000 in Hospital Facilities Multi-mode Variable Rate Revenue Refunding and Improvement Bonds. The proceeds were used to refund outstanding Hospital Improvement Revenue Refunding Bonds and to acquire, construct, improve and equip certain Hospital facilities. The County also served as issuer of \$1,700,000 in Hospital Facilities Revenue Bonds, the proceeds of which will be used to acquire, construct, improve and equip certain Hospital facilities. The amount outstanding on both issues is \$9,630,000. These bonds do not constitute a general obligation, debt or indebtedness of the County, nor is the full faith and credit to taxing power of the County pledged to make repayment.

11. Hospital Agreement

In 1975, the County ceased business activity at the County hospital. However, the County maintains the land and facilities of the hospital and entered into a lease agreement with the Madison County Hospital, Inc., (MCHI) to provide for the health and welfare of the people. As disclosed in Note 10 above, the County has issued conduit debt on behalf of MCHI. The County amends the lease agreement whenever new conduit debt is issued.

According to the most recent lease agreement the County only charges MCHI a “basic rent” for the lease. “Basic rent” has been defined as an amount necessary to make the deposits required in the bond indenture and any other amounts required under the lease to be paid as “basic rent” on or prior to the respective rental payment dates during the lease term.

12. Interfund Transactions

Transfers made during the year ended December 31, 2011 were as follows:

	Transfers In	Transfers Out
General Fund	\$92,000	\$227,432
Motor Vehicle Gasoline Tax Fund	0	65,766
DD General Fund	0	250,000
Other Governmental Funds	600,906	149,708
Total Governmental Funds	<u>\$692,906</u>	<u>\$692,906</u>

Transfers from the Motor Vehicle Gasoline Tax, DD General, and General Funds to non-major funds were made to provide monies for principal and interest payments. The transfers between non-major governmental funds and to the General Fund were to move unrestricted balances to support programs and projects accounted for in other funds or for reimbursements. All transfers were made in compliance with the Ohio Revised Code.

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

12. Interfund Transactions (Continued)

Advances made during the year ended December 31, 2011 were as follows:

	Advances In	Advances Out
General Fund	\$247,217	\$25,000
Motor Vehicle Gasoline Tax Fund	0	190,898
Other Governmental Funds	42,614	56,319
Total Governmental Funds	289,831	272,217
Other Enterprise Funds	0	17,614
Total All Funds	\$289,831	\$289,831

Most advances are due to lags between the dates when goods and services are provided, transactions are recorded in the accounting system, and payments between funds are made. Advances also are lending/borrowing arrangements between funds that are long-term in nature. The purpose of these advances is to allow the County to exercise its authority to use the inactive monies in funds to invest in its own securities. See note 4 for more information.

13. Contingencies and Litigation

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

The County is party to certain legal proceedings; however, it is the opinion of management that the ultimate disposition of claims will not have a material adverse effect on the financial condition of the County.

14. Compliance

The Ohio Administrative Code Section 117-2-03(B) requires the County to prepare its financial report in accordance with generally accepted accounting principles. Contrary to this requirement, the County has elected to prepare its annual financial report on a cash basis.

The County did not always properly encumber funds prior to commitment, which is contrary to Ohio Revised Code Section 5705.41(D).

The County's single audit was not completed by the required deadline as required by Office of Management and Budget (OMB) Circular A-133 Section .320(a).

15. Adoption of New Accounting Pronouncements and Restatement of Beginning Balances

In February 2009, the Governmental Accounting Standards Board (GASB) issued Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", which the County has implemented for the fiscal year ended December 31, 2011. This pronouncement does not affect the calculation of the County's fund balances but does shift the focus of fund balance reporting from the availability of fund resources for budgeting to the extent to which the County is bound to honor constraints on the specific purposes for which amounts in funds can be spent (See Note 2).

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

15. Adoption of New Accounting Pronouncements and Restatement of Beginning Balances (Continued)

As a result of the implementation of GASB Statement No. 54, certain funds previously reported as Special Revenue and Agency Funds were reclassified to the General Fund. The County also identified an error within its accounting records where it did not record expenditures in 2010 for repayment of existing loans that were refunded with its own securities. These reclassifications and the correction had the following effect on beginning fund balances:

	Governmental Activities	General Fund	Other Governmental Funds
Net Assets, December 31, 2010	\$14,686,221	\$2,005,257	\$6,767,276
Restatements:			
Fund Reclassifications	194,923	295,530	(100,607)
Accounting Errors	(481,743)	(481,743)	0
Net Assets, Restated, January 1, 2011	\$14,399,401	\$1,819,044	\$6,666,669

16. Budgetary Basis Fund Balances

Differences between the budgetary basis fund balances and fund cash balances are due to encumbrances. As part of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", certain funds that are legally budgeted in separate special revenue funds are considered part of the General Fund on a cash basis. This includes the Certificate of Title Fund. In addition, this new pronouncement also requires certain agency funds, which are not legally required to be budgeted, to also be considered part of the General Fund on a cash basis. The table below presents these differences for the County's General Fund:

	General Fund
Budgetary Basis Fund Balances	\$1,891,375
Encumbrances	(27,606)
Fund Balances of Funds Combined with the General Fund for Reporting Purposes	(361,465)
Fund Cash Balances	\$1,502,304

17. Encumbrances

At December 31, 2011, the County had encumbrance commitments in governmental funds as follows:

<i>Major Fund</i>	
General Fund	\$27,606
 <i>Nonmajor Funds</i>	
Real Estate Assessment Fund	312,352
EMA Fund	19,571
Permanent Improvement Fund	14,756
CHIP Federal Block Grant Fund	8,570
Total Nonmajor Funds	355,249
 Total	 \$382,855

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

18. Fund Balances

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

Fund Balances	General Fund	Motor Vehicle Gasoline Tax Fund	Public Assistance Fund	DD General Fund	Municipal Court-Special Projects Fund	Other Governmental Funds	Total
<i>Nonspendable</i>							
Unclaimed Monies	\$190,028	\$0	\$0	\$0	\$0	\$0	\$190,028
Statler Trust	0	0	0	0	0	40,000	40,000
Total	190,028	0	0	0	0	40,000	230,028
<i>Restricted</i>							
General Government	0	0	0	0	0	2,621,972	2,621,972
Public Safety	0	0	0	0	0	1,317,737	1,317,737
Public Works	0	717,406	0	0	0	260,337	977,743
Health	0	0	0	2,104,638	0	89,139	2,193,777
Human Services	0	0	407,032	0	0	1,649,852	2,056,884
Other Purposes	0	0	0	0	2,793,161	91,897	2,885,058
Capital Projects	0	0	0	0	0	1,231,581	1,231,581
Debt Service	0	0	0	0	0	59,954	59,954
Statler Trust	0	0	0	0	0	14,931	14,931
Total	0	717,406	407,032	2,104,638	2,793,161	7,337,400	13,359,637
<i>Committed</i>							
Capital Projects	0	0	0	0	0	581,110	581,110
<i>Assigned</i>							
Future Purchases	27,606	0	0	0	0	0	27,606
<i>Unassigned</i>							
	1,673,741	0	0	0	0	0	1,673,741
Total	\$1,891,375	\$717,406	\$407,032	\$2,104,638	\$2,793,161	\$7,958,510	\$15,872,122

19. Subsequent Events

On May 16, 2012, Central Townships Joint Fire District authorized the issuance and sale of \$300,000 Fire Truck Bonds, Series 2012 for the purpose of purchasing a new fire truck. The County of Madison, Ohio purchased such bonds upon the terms set forth in such proposal. The bond principal shall be payable in annual installments every June 1, commencing on June 1, 2013 and ending on June 1, 2017. The bonds shall bear interest at the rate of 2.90% per annum.

In December 2012, the County entered into an internal borrowing agreement for the purpose of refunding a portion of the Engineer's Building Construction Bonds. This refunding totaled \$637,350 and will be repaid over a 6-year period at 2.75% interest. The first payment is due December 1, 2013.

MADISON COUNTY
Schedule of Federal Awards Expenditures
For the Year Ended December 31, 2011

Federal Grantor <i>Pass-Through Grantor</i> Program Title	Pass-Through Entity's Number	Federal CFDA Number	Disbursements	Non Cash Disbursements
United States Department of Agriculture				
<i>Passed through the Ohio Department of Job and Family Services:</i>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	G-1011-11-5074/G-1213-11-0074	10.561	\$ 231,808	\$ -
			231,808	-
<i>Passed Through the Ohio Department of Education</i>				
Child Nutrition Cluster:				
School Breakfast Program	3L70	10.553	3,675	-
National School Lunch Program	3L60	10.555	5,497	2,270
Total Nutrition Cluster			9,172	2,270
Total United States Department of Agriculture			240,980	2,270
United States Department of Housing and Urban Development				
<i>Passed Through Ohio Department of Development:</i>				
Community Development Block Grants/State's Program	B-F-09-1BS-1	14.228	31,139	-
Community Development Block Grants/State's Program	B-C-10-1BS-1	14.228	45,912	-
Community Development Block Grants/State's Program	B-F-10-1BS-1	14.228	97,340	-
Total Community Development Block Grants/State's Program			174,391	-
Home Investment Partnership Program	B-C-10-1BS-2	14.239	101,750	-
Total United States Department of Housing and Urban Development			276,141	-
United States Department of Labor				
<i>Passed Through Ohio Department of Job and Family Services and Passed through Montgomery County</i>				
Workforce Investment Act Cluster:				
Workforce Investment Act - Adult Program			94,501	-
Workforce Investment Act - Adult Program Administration			6,496	-
Workforce Investment Act - Adult Program - One Stop Resource Sharing			4	-
Workforce Investment Act - Adult Program Total	2010-7349-1 / 2011-7349-1	17.258	101,001	-
Workforce Investment Act - Youth Activities			87,571	-
Workforce Investment Act - Youth Activities Administration			911	-
Workforce Investment Act - Youth Activities Program - One Stop Resource Sharing			4	-
Workforce Investment Act - Youth Activities Total	2010-7349-1 / 2011-7349-1	17.259	88,486	-
Workforce Investment Act - Dislocated Workers			85,595	-
Workforce Investment Act - Dislocated Workers Administration			4,350	-
Workforce Investment Act - Dislocated Workers - One Stop Resource Sharing			4	-
Workforce Investment Act - Dislocated Workers Total	2010-7349-1 / 2011-7349-1	17.260	89,949	-
Workforce Investment Act Cluster Total			279,436	-
<i>Passed Through Ohio Department of Job and Family Services:</i>				
Employment Services Cluster				
Employment Service	2010-7349-1 / 2011-7349-1	17.207	2,950	-
Disabled Veterans' Outreach Program (DVOP)	2010-7349-1 / 2011-7349-1	17.801	183	-
Local Veterans' Employment Representative Program (LVER)	2010-7349-1 / 2011-7349-1	17.804	628	-
Employment Services Cluster Total			3,761	-
Total United States Department of Labor			283,197	-
United States Department of Transportation				
<i>Direct from the Federal Government:</i>				
Airport Improvement Program	AIP-3-39-0047-15	20.106	272,547	-
Total Airport Improvement Program			272,547	-
<i>Passed through the Ohio Department of Transportation</i>				
Highway Planning and Construction - Recovery Act	PID - 16705	20.205	4,670	-
Highway Planning and Construction	PID - 88870	20.205	72,414	-
Highway Planning and Construction	PID - 90189	20.205	44,718	-
Highway Planning and Construction	PID - 87063	20.205	4,833	-
Highway Planning and Construction	PID - 89455	20.205	2,454	-
Total Highway Planning and Construction			129,089	-

Passed through the Ohio Department of Transportation

Capital Assistance Program for Elderly Persons and Persons with Disabilities	CRD-0049-002091	20.513	24,166	-
Capital Assistance Program for Elderly Persons and Persons with Disabilities	CRD-0049-005011	20.513	40,614	-
Capital Assistance Program for Elderly Persons and Persons with Disabilities	PNP-0049002174	20.513	1,500	-
Total Capital Assistance Program for Elderly Persons and Persons with Disabilities			66,280	-

Total United States Department of Transportation

467,916 -

United States Department of Education

Passed Through Ohio Department of Education:

Special Education Cluster:

Special Education_Grants to States	3M20	84.027	20,182	-
Special Education_Grants to States - Recovery Act	3DJ0	84.391	10,936	-
Special Education_Preschool Grants	3C50	84.173	23,606	-
Special Education_Preschool Grants, Recovery Act	3DL0	84.392	9,230	-

Total Special Education Cluster

63,954 -

Total United States Department of Education

63,954 -

United States Department of Health and Human Services

Passed Through Ohio Department of Job and Family Services:

Promoting Safe and Stable Families	G-1011-11-5074/G-1213-11-0074	93.556	31,627	-
Temporary Assistance for Needy Families	G-1011-11-5074/G-1213-11-0074	93.558	714,322	-
Child Support Enforcement	G-1011-11-5074/G-1213-11-0074	93.563	278,085	-
Child Care and Development Block Grant Cluster:				
Child Care and Development Block Grant	G-1011-11-5074/G-1213-11-0074	93.575	25,528	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	G-1011-11-5074/G-1213-11-0074	93.596	32,221	-
Total Child Care and Development Block Grant Cluster			57,749	-
Child Welfare Services_State Grants	G-1011-11-5074/G-1213-11-0074	93.645	39,693	-
Foster Care_Title IV-E - Administration	G-1011-11-5074/G-1213-11-0074	93.658	63,721	-
Foster Care_Title IV-E - ARRA	G-1011-11-5074/G-1213-11-0074	93.658	5,591	-
Foster Care_Title IV-E - Maintenance	G-1011-11-5074/G-1213-11-0074	93.658	136,795	-
Total Foster Care_Title IV-E			206,107	-
Adoption Assistance	G-1011-11-5074/G-1213-11-0074	93.659	49,033	-
Social Services Block Grant	G-1011-11-5074/G-1213-11-0074	93.667	280,217	-
Chafee Foster Care Independence Program	G-1011-11-5074/G-1213-11-0074	93.674	5,857	-
Children's Health Insurance Programs	G-1011-11-5074/G-1213-11-0074	93.767	6,954	-
Medical Assistance Program	G-1011-11-5074/G-1213-11-0074	93.778	286,852	-

Passed Through Ohio Department of Developmental Disabilities:

Social Services Block Grant	31-64000075	93.667	27,801	-
Medical Assistance Program:				
Medicaid Administration (MAC)			237,464	-
Medicaid - ARRA			43,853	-
Total Medical Assistance Program	31-64000075	93.778	281,317	-

Passed Through the Ohio Secretary of State

Voting Access for Individuals with Disabilities - Grants for Protection and Advocacy Systems	N/A	93.617	6,777	-
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Total United States Department of Health and Human Services

2,272,391 -

United States Department of Homeland Security

Passed Through Ohio Emergency Management Agency:

Emergency Management Performance Grants	2010-EP-00-0003	97.042	27,026	-
Emergency Management Performance Grants	2011-EP-00003-01	97.042	31,070	-
Total Emergency Management Performance Grants			58,096	-
Homeland Security Grant Program	2010-SS-T0-0012	97.067	43,827	-
Homeland Security Grant Program	2009-SS-T9-0089	97.067	1,500	-
Homeland Security Grant Program	2008-GE-T8-0025	97.067	10,000	-
Homeland Security Grant Program	2009-SS-T9-0089	97.067	24,707	-
Total Homeland Security Grant Program			80,034	-

Total United States Department of Homeland Security

138,130 -

Total Federal Awards Expenditures

\$ 3,742,709 \$ 2,270

N/A - pass-through entity number not available.

See the accompanying notes to the schedule of federal awards expenditures.

Madison County
Notes to the Schedule of Federal Awards Expenditures
For the Year Ended December 31, 2011

Note 1 – Significant Accounting Policies

The accompanying schedule of federal awards expenditures (the schedule) includes the federal grant activity of the County and has been prepared on the cash basis of accounting.

Note 2 – Matching Requirements

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

Note 3 – Community Development Block Grant Program

The County administers a home rehabilitation program with funds provided by the U.S. Department of Housing and Urban Development, through the Ohio Department of Development, under the Community Development Block CHIP Grant Program. The purpose of this program is to provide funds for home improvements made for low and moderate income homeowners. The County administers these funds and makes payments directly to the independent contractors providing the rehabilitation services. The funds provided are secured as a lien on the homeowner's residence for ten years. The County requires a 20% payback of the funds by the homeowner after ten years. The lien is removed from the residence after the 20% has been repaid. The County uses the payback amounts for future home rehabilitation projects. December 31, 2011 cash balances for the CDBG Program and the Home Program were \$17,824 and \$55,809, respectively.

Note 4 – Workforce Investment Act (WIA) Expenditures

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

Note 5 – Food Donation

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

Note 6 – Child Nutrition Cluster

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

Note 7 – Medicaid

During the calendar year, the County received a deferred payment from the Ohio Department of Developmental Disabilities (DODD) for the Medicaid Program (CFDA #93.778) in the amount of \$190,720. The deferred payment (liability) was for Medicaid Administrative Claiming (MAC) and Waiver Administrative Claiming (WAC) expense the County incurred in prior reporting periods due to an increase of federal funding received by DODD to reimburse these expenses and also due to changes in the County's Medicaid Eligibility Rate (MER) for certain activity codes within MAC/WAC. This revenue (liability) is not listed on the County's Schedule of Federal Awards since the underlying expenses occurred in prior reporting periods (and the liability will be recouped via reduction of future Federal funding or through an alternative plan agreed to by ODJFS and DODD).

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Board of Commissioners
Madison County
1 North Main Street
London, Ohio 43140-0047

We have audited the financial statements the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Madison County (the County) as of and for the year ended December 31, 2011, and have issued our report thereon dated January 28, 2013, wherein we noted the County followed the cash basis of accounting rather than accounting principles generally accepted in the United States of America. We also noted the County implemented Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. 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.

Internal Control Over Financial Reporting

Management of the County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness and another deficiency that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described as finding 2011-3 in the accompanying schedule of findings and questioned costs to be a material weakness.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described as finding 2011-2 in the accompanying schedule of findings and questioned costs to be a significant deficiency.

Madison County

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2011-1 and 2011-2.

We noted certain matters that we reported to management of the County in a separate letter dated January 28, 2013.

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

This report is intended solely for the information and use of management, the Board of Commissioners, others within the County, and 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.



Natalie Millhuff-Stang, CPA
President/Owner
Millhuff-Stang, CPA, Inc.

January 28, 2013

Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

Board of Commissioners
Madison County
1 North Main Street
London, Ohio 43140-0047

Compliance

We have audited Madison County's (the County) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on 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 and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is 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 with the types of compliance requirements referred to above that could have a direct and material effect on the a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the compliance 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. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2011-4.

Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of 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.

Madison County

Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

Page 2

Internal Control Over Compliance (Continued)

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 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 compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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

This report is intended solely for the information and use of management, the Board of Commissioners, others within the County, and 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.



Natalie Millhuff-Stang, CPA
President/Owner
Millhuff-Stang, CPA, Inc.

January 28, 2013

Madison County
Schedule of Findings and Questioned Costs
OMB Circular A-133 Section .505
For the Year Ended December 31, 2011

Section I – Summary of Auditor’s Results

<i>Financial Statements</i>		
Type of financial statement opinion:		Unqualified
Internal control over financial reporting:		
	Material weakness(es) identified?	Yes
	Significant deficiency(ies) identified that are not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?		Yes
<i>Federal Awards</i>		
Internal control over major program(s):		
	Material weakness(es) identified?	No
	Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Type of auditor’s report issued on compliance for major programs:		Unqualified
Any auditing findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?		Yes
Identification of major program(s):		Foster Care Title IV-E (CFDA #93.658) Temporary Assistance for Needy Families (CFDA #93.558) Medical Assistance Program (CFDA #93.778)
Dollar threshold used to distinguish between type A and type B programs:		Type A: >\$300,000 Type B: All Others
Auditee qualified as low-risk auditee?		Yes

Madison County
Schedule of Findings and Questioned Costs
OMB Circular A-133 Section .505
For the Year Ended December 31, 2011

Section II – Financial Statement Findings

Finding 2011-1

Noncompliance – Financial Reporting

Ohio Revised 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 117-2-03 further clarifies the requirements of Ohio Revised Code Section 117.38.

Ohio Administrative Code 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 in accordance with the modified cash basis of accounting. The accompanying financial statements and notes omit material assets, liabilities, fund equities, and disclosures. Pursuant to Ohio Revised Code Section 117.38, the County is subject to fines and various other administrative remedies. The County should consider filing on a GAAP basis in order to comply with state regulations.

Client Response:

Financial statement reporting in accordance with GAAP is still a goal and a priority for Madison County. This has been an ongoing issue over prior years and hopefully will be resolved in the future.

Finding 2011-2

Noncompliance/Significant Deficiency – Proper Encumbrance of Funds and Excessive Use of Then and Now Certificates

Ohio Revised Code Section 5705.41(D) states that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the County Auditor that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. The statute provides the following exceptions to this basic requirement:

Then and Now Certificate: This exception provides that, if the County Auditor can certify that both at the time that the contract or order was made and at the time that he/she is completing his/her certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than \$100 for counties, may be paid by the County Auditor without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

During the course of testing, we noted that 11 percent of disbursements tested had invoices preceding the encumbrance date and that the County appears to excessively use "then and now" certificates, with 32 percent of disbursements testing utilizing such certification.

Madison County
Schedule of Findings and Questioned Costs
OMB Circular A-133 Section .505
For the Year Ended December 31, 2011

The County should implement budgetary monitoring procedures to ensure that funds are properly and timely encumbered prior to commitment. Additionally, then and now certification should be used only as an exception and not as common procedure.

Client Response:

The percentage of then and now usage has decreased by 25% from the prior year once we were made aware of the issue. We will reinforce the use of blanket purchase orders for routine and predictable types of expenditures.

Finding 2011-3

Material Weakness – Cash Reconciliations

Although the County Auditor reconciles funds on a monthly basis with the Treasurer, the Auditor was not reconciled with respect to cash and investment balances with the Treasurer's office. In order to have sound internal controls, the County Auditor should reconcile her books with the cash and investment balances on a monthly basis. The reconciliation was not completed until January of 2013. Not timely reconciling can lead to errors and/or irregularities going undetected for a significant amount of time. The County should implement the appropriate procedures to ensure that the Auditor balances, Treasurer balances, and cash and investment balances are all three reconciled at least on a monthly basis.

Client Response:

This was the first time that cash reconciliation between the auditor and treasurer's offices had been done without assistance of personnel that performed this task previously. After looking back at the prior year's reconciliation, it was determined that all reconciling items did not match as they should have. That in turn made the reconciliation for 2011 difficult. It is a goal for 2013 to reconcile cash balances between the two offices on a monthly basis. The treasurer's office has always reconciled on their side monthly, as has the auditor; we just need to work on making sure the two sides match on a regular basis.

Section III – Federal Award Findings and Questioned Costs
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Finding 2011-4

Noncompliance – Nine Month Deadline for Single Audits

Office of Management and Budget (OMB) Circular A-133 Section .320(a) states that that audit shall be completed and the data collection form and reporting package shall be submitted within the earlier of 30 days after receipt of the auditor's report or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit.

The County's single audit was not completed by the required deadline. The County should implement the appropriate procedures to ensure that the appropriate deadlines are met.

Client Response:

This was the first financial statement and audit preparation that had been done without assistance of personnel that had taken care of this in prior years. In preparing for the audit, several issues were discovered that were unknown to me in prior years. These issues created problems in reconciling certain items for audit purposes. We have discovered the root of many of these issues, and they should not be a problem in future years.

Madison County
Schedule of Prior Audit Findings
OMB Circular A-133 Section .315(b)
For the Year Ended December 31, 2011

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
Finding 2010-1	Noncompliance with ORC Section 117.38/OAC Section 117-2-03(B) – Failure to Report on Required Accounting Basis	No	Not Corrected - Reissued as Finding 2011-1
Finding 2010-2	Noncompliance/Significant Deficiency – Proper Encumbrance of Funds and Excessive Use of Then and Now Certificates	No	Not Corrected – Reissued as Finding 2011-2
Finding 2010-3	Significant Deficiency – Internal Control Over Financial and Federal Program Reporting	Yes	
Finding 2010-4	Noncompliance Citation – Ohio Revised Code Section 5705.36(A)	No	Reissued in management letter



Dave Yost • Auditor of State

MADISON COUNTY

MADISON 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
APRIL 18, 2013**