



Dave Yost • Auditor of State

PICKAWAY COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Pickaway County
200 South Court Street
Circleville, Ohio 43113

To the Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate discretely presented component unit and remaining fund information of Pickaway County, Ohio (the County), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate discretely presented component unit and remaining fund information of Pickaway County, Ohio, as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Auto License

and Gas Tax, Job and Family Services and Board of Developmental Disabilities funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2013, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

December 16, 2013

Pickaway County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

The discussion and analysis of Pickaway County's financial performance provides an overall review of the County's financial activities for the fiscal year ended December 31, 2012. The intent of this discussion and analysis is to look at the County's financial performance as a whole. Readers should also review the financial statements and notes to those respective statements to enhance their understanding of the County's financial performance.

Financial Highlights

Key financial highlights for 2012 are as follows:

- The assets of the County exceeded its liabilities at December 31, 2012, by \$62,751,011.
- The net position of governmental activities decreased \$2,366,982 which represents a 3.68 percent decrease from 2011, while the net position of business-type activities increased \$77,913, which represents a 9.76 percent increase.
- For 2012, all revenues of the County totaled \$31,194,709. General revenues accounted for \$14,901,867 in revenue or 47.77 percent of all revenues. Program revenues in the form of charges for services and grants and contributions accounted for \$16,292,842 or 52.23 percent of all revenues.
- The County had \$33,483,778 in total expenses: only \$16,292,842 of these expenses were offset by program specific charges for services, grants and contributions. General revenues were \$14,901,867 of which \$12,252,299 was taxes with the remaining \$2,649,568 interest, grants, entitlements and miscellaneous revenues.
- As of December 31, 2012, the County's governmental funds reported combined ending fund balances of \$22,591,614 an increase of \$351,537 or 1.58 percent in comparison with the prior year.

Overview of the Financial Statements

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

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

Government-Wide Financial Statements

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

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

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

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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

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

Pickaway County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
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Government-Wide Financial Analysis

You may recall that the statement of net position provides the perspective of the County as a whole. Table 1 provides a summary of the County's net position for 2012 compared to 2011:

Table 1
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
<i>Assets:</i>						
Current and Other Assets	\$33,752,120	\$33,513,780	\$338,774	\$258,323	\$34,090,894	\$33,841,169
Capital Assets, Net	41,839,511	42,469,852	3,380,216	2,672,644	45,219,727	45,142,496
Total Assets	75,591,631	75,983,632	3,718,990	2,930,967	79,310,621	78,983,665
<i>Liabilities:</i>						
Current Liabilities	2,417,317	6,886,577	112,287	22,576	2,529,604	6,978,219
Long-Term Liabilities	5,411,951	4,854,891	2,730,874	2,110,475	8,142,825	6,965,366
Total Liabilities	7,829,268	11,741,468	2,843,161	2,133,051	10,672,429	13,943,585
Deferred Inflows of Resources	5,887,181	0	0	0	5,887,181	0
<i>Net Position:</i>						
Net Investments in Capital Assets	40,466,793	42,011,913	649,342	562,169	41,116,135	42,574,082
<i>Restricted For:</i>						
Roads and Bridges	2,368,855	2,919,606	0	0	2,368,855	2,919,606
Human Services	187,498	0	0	0	187,498	0
<i>Developmental</i>						
Disabilities	12,932,715	11,527,123	0	0	12,932,715	11,527,123
Debt Service	137,847	156,212	0	0	137,847	156,212
Other Purposes	3,408,663	4,408,140	0	0	3,408,663	4,408,140
Unrestricted	2,372,811	3,219,170	226,487	235,747	2,599,298	3,454,917
Total Net Position	\$61,875,182	\$64,242,164	\$875,829	\$797,916	\$62,751,011	\$65,040,080

Governmental current assets increased for the year ended 2012 when compared with 2011. The majority of the increase is due to an increase in the cash and cash equivalents held by the County.

The decrease in capital assets is due to annual depreciation.

The decrease in current liabilities for governmental activities is due mostly to a decrease in accrued wages in 2012.

The increase in governmental long-term liabilities is the result new debt.

Net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities and deferred inflows of resources by \$62,751,011 (\$61,875,182 in governmental activities and \$875,829 in business-type activities) at the end of the 2012 year.

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

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The County's largest portion of net position relates to Net investment in capital assets. This accounts for 65.52 percent of net position. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to pay these liabilities.

The County's smallest portion of net position is unrestricted which accounts for 4.14 percent of net position.

The remaining balance of \$19,035,578 or 30.34 percent is restricted assets. The restricted net position is subject to external restrictions on how they may be used.

Business-type current assets increased due to an increase in cash and cash equivalents. Capital assets increased due to ongoing construction in progress. Current liabilities for business-type activities increased as a result of an increase in contracts payable.

Pickaway County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

Table 2 shows the changes in net position for 2012 compared to 2011.

Table 2
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
<i>Program Revenues:</i>						
Charges for Services	\$4,493,322	\$4,752,086	\$388,157	\$380,999	\$4,881,479	\$5,133,085
Operating Grants & Contributions	10,723,521	13,048,496	0	0	10,723,521	13,048,496
Capital Grants & Contributions	687,842	70,501	0	0	687,842	70,501
<i>Total Program Revenues</i>	<u>15,904,685</u>	<u>17,871,083</u>	<u>388,157</u>	<u>380,999</u>	<u>16,292,842</u>	<u>18,252,082</u>
<i>General Revenues:</i>						
Property Taxes	6,666,776	7,058,675	0	0	6,666,776	7,058,675
Sales Taxes	5,585,523	6,718,053	0	0	5,585,523	6,718,053
Payments in Lieu of Taxes	516,262	447,440	0	0	516,262	447,440
Grants & Entitlements	1,461,672	416,128	0	0	1,461,672	416,128
Interest	225,780	257,143	0	0	225,780	257,143
Miscellaneous	445,831	1,051,963	23	1,248	445,854	1,053,211
<i>Total General Revenues</i>	<u>14,901,844</u>	<u>15,949,402</u>	<u>23</u>	<u>1,248</u>	<u>14,901,867</u>	<u>15,950,650</u>
<i>Total Revenues</i>	<u>30,806,529</u>	<u>33,820,485</u>	<u>388,180</u>	<u>382,247</u>	<u>31,194,709</u>	<u>34,202,732</u>
<i>Program Expenses:</i>						
<i>General Government:</i>						
Legislative & Executive	5,634,407	5,389,487	0	0	5,634,407	5,389,487
Judicial	2,346,814	2,229,389	0	0	2,346,814	2,229,389
Public Safety	7,158,238	7,073,921	0	0	7,158,238	7,073,921
Public Works	6,249,013	4,905,605	0	0	6,249,013	4,905,605
Health	4,400,313	3,868,359	0	0	4,400,313	3,868,359
Human Services	5,928,987	6,832,240	0	0	5,928,987	6,832,240
Conservation & Recreation	319,388	343,163	0	0	319,388	343,163
Economic Development & Assistance	837,407	425,254	0	0	837,407	425,254
Other	33,071	14,520	0	0	33,071	14,520
Interest & Fiscal Charges	265,873	162,966	0	0	265,873	162,966
Countywide Sewer	0	0	277,737	275,530	277,737	275,530
Instant Web Checks	0	0	32,530	32,520	32,530	32,520
<i>Total Program Expenses</i>	<u>33,173,511</u>	<u>31,244,904</u>	<u>310,267</u>	<u>308,050</u>	<u>33,483,778</u>	<u>31,552,954</u>
<i>Changes in Net Position</i>	(2,366,982)	2,575,581	77,913	74,197	(2,289,069)	2,649,778
Net position at January 1	<u>64,242,164</u>	<u>61,666,583</u>	<u>797,916</u>	<u>723,719</u>	<u>65,040,080</u>	<u>62,390,302</u>
Net Position at December 31	<u>\$61,875,182</u>	<u>\$64,242,164</u>	<u>\$875,829</u>	<u>\$797,916</u>	<u>\$62,751,011</u>	<u>\$65,040,080</u>

Pickaway County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

Governmental Activities

The most significant program expenses for the County are Public Safety, Public Works, Human Services, Legislative and Executive and Health. These programs account for 88.53 percent of the total governmental activities. Public Safety, which represents 21.58 percent of the total, represents costs mainly associated with the operation of the Sheriff's Department and County Jail. Public Works, which accounts for 18.84 percent of the total, represents costs associated with the operation of the County Engineer in maintaining the County's roads and bridges. Human Services, which accounts for 17.87 percent of the total, represents costs associated with providing services for Workforce Investment Act, child support and enforcement assistance programs, welfare programs for families and individuals. These expenses reflect programs administered by Job and Family Services, Child Support Enforcement Agency and Children Services. Legislative and Executive expenses, which is 16.98 percent of the total, represents costs associated with the general administration of county government including the County Commissioners, Auditor, Treasurer, Prosecutor and Recorder. Health, which accounts for 13.26 percent of the total, primarily represents costs associated with the services provided by the Board of Mental Retardation. Funding for the most significant programs indicated above is from charges for services, operating grants, and in some instances property and sales taxes. The Job and Family Services, Child Support Enforcement Agency, Children Services and Clerk of Courts are basically funded with federal and state monies. The operation of the Sheriff's Department and County Jail is funded through General Fund general revenues and per diem charges to house prisoners from other jurisdictions. The Board of Mental Retardation is partially funded by a voted property tax levy. The most significant funding sources for the County Engineer are motor vehicle license fees and gasoline taxes.

As noted previously, the net position for the governmental activities decreased \$2,366,982 or 3.68 percent. This change is similar to last year when net position increased \$2,575,581 or 4.18 percent. Total revenues decreased \$3,013,956 or 8.91 percent from last year and expenses increased \$1,928,607 or 6.17 percent from last year.

Factors in the change in revenues are significant decreases in property taxes and sales taxes, which decreased \$391,899 or 5.55 percent and \$1,132,530 or 16.86 percent, respectively, the County received significantly less funding in the form of operating grants and contributions.

Expenses increased 6.17 percent during 2012. Several factors led to this increase. Health increased \$531,954 or 13.75 percent which is due to increases in board of development disabilities spending. Public Works expenditures increased \$1,343,408 or 27.39 percent, which is due to decreases in Issue I funding from Ohio Public Works for road construction projects.

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

Table 3
Governmental Activities

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2012	2012	2011	2011
<i>General Government:</i>				
Legislative and Executive	\$5,634,407	\$3,452,658	\$5,389,487	\$1,877,763
Judicial	2,346,814	1,425,117	2,229,389	1,361,152
Public Safety	7,158,238	5,528,308	7,073,921	5,210,725
Public Works	6,249,013	1,769,604	4,905,605	1,497,544
Health	4,400,313	2,778,985	3,868,359	1,778,215
Human Services	5,928,987	1,114,480	6,832,240	734,747
Conservation and Recreation	319,388	232,470	343,163	310,935
Economic Development and Assistance	837,407	668,260	425,254	425,254
Other	33,071	33,071	14,520	14,520
Interest and Fiscal Charges	265,873	265,873	162,966	162,966
Total Expenses	\$33,173,571	\$17,268,826	\$31,244,904	\$13,373,821

Of the \$33,173,511 total governmental activities expenses, \$15,904,685 or 47.94 percent was covered by direct charges to users of the services and intergovernmental grants. The majority of program revenues are grants, with the remaining portion consisting of fees and charges for services. These charges are for fees charged for real estate transfers, for the collection of property taxes throughout the County, for title fees and for court fees. Public Safety charges for services include items such as fees for boarding prisoners, patrolling subdivisions, and for special details. Health includes charges for services provided to clients of the Board of Developmental Disabilities. For Public Works, the County Engineer has fully funded their operations.

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

Business-Type Activities

This year, net position increased by \$77,913 or 9.76 percent. For 2012, there was an increase in revenues and a decrease in expenses, which was the result of increased activity from customers during the year and a decrease in interest and fiscal charges.

Financial Analysis of the County's Funds

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

Pickaway County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

As of the end of the current year, the County's governmental funds reported combined ending fund balances of \$22,591,614. Of this total, \$3,200,593 represents unassigned fund balance, which is available for appropriation at the government's discretion within certain legal constraints and purposes restrictions. A large amount of the governmental fund balances are restricted in the governmental fund statements, they lead to restricted net position on the statement of net position due to their being restricted for use for a particular purpose mandated by the source of the resources such as the state or federal government or the local tax levy.

The General Fund is the primary operating fund of the County. At the end of 2012, the unassigned fund balance of the General Fund was \$3,455,259. Unassigned fund balance represents 25.28 percent of expenditures. This is one measurement of the General Fund's liquidity. The fund balance of the General Fund decreased by \$23,797, with revenues exceeding expenditures by \$197,959.

The Auto, License and Gas Tax Fund balance decreased by \$404,029 which is due to decreased grants revenue. The Job and Family Services Fund balance decreased by \$50,041, which is the result of expenditures exceeding revenues. The Board of Developmental Disabilities Fund balance increased by \$1,585,138, which is the result of a decrease in expenditures.

Proprietary Fund - The County's significant proprietary fund is the Countywide Sewer Fund, which accounts for the providing of sewer services to several subdivisions. Net position of this proprietary fund at year end were \$877,729, of which \$228,387 was unrestricted, which is an increase of \$78,623 or 9.84 percent.

Budgetary Highlights - General Fund

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

The County had several revisions to the original appropriations approved by the County Commissioners. Overall these changes resulted in a decrease in the original appropriations of 1.70 percent or \$236,275, from \$13,909,561 to \$13,673,286, in the General Fund. The majority of the decrease occurred in the Public Safety and Legislative and Executive expenditure functions. The County spent 98.08 percent of the amount appropriated in the General Fund during 2012.

The General Fund's budgeted revenue essentially remained the same as the original amount during 2012. This is a result of a minimal increase in revenue from several sources. Fluctuations in growth and diversity have typically not occurred in Pickaway County, allowing departmental managers the ability to consistently predict revenues. The County does not increase its estimated revenues unless there are insufficient revenues to cover the total appropriations of the General Fund.

Capital Assets and Debt Administration

Capital Assets

The County's net investment in capital assets for its governmental and business-type activities as of December 31, 2012 amounts to \$41,116,135. This net investment in capital assets includes land and improvements, buildings and improvements, improvements other than buildings, machinery and equipment, furniture and fixtures, vehicles, and infrastructure.

Pickaway County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

For more information regarding the County's capital assets, see Note 8 of the notes to the basic financial statements.

Debt

Outstanding special assessment bonds at December 31, 2012, totaled \$76,000 with \$31,000 being retired during the year. Special assessment bonds are backed by the full faith and credit of the County. In the event of payment default by the property owners, the County would be responsible for the debt service payments.

General obligation notes outstanding at December 31, 2012 were \$1,049,672 with \$273,003 being retired during the year. These notes relate to proceeds used to purchase equipment for the County Engineer, purchase a sign for the Pickaway County Agricultural Society, and reconstruction of roads and sidewalks.

General obligation bonds at December 31, 2012 were \$2,645,615 with \$175,000 being retired during the year. These bonds relate to proceeds used to renovate all County buildings with improvements meant for energy savings.

Loans outstanding at December 31, 2012 were \$219,512 from the Ohio Public Works Commission; \$12,913 was retired during 2012; \$174,449 for Clark's Run Ditch with \$1,777 being retired during the year and \$30,984 for Pence Tile Ditch Improvement Project. These loans relate to proceeds used to complete renovations of the Cromley Road Bridge Replacement Project, Clark's Run Ditch project and Pence Tile Ditch Improvement Project.

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

Economic Factors

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

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

A decrease in the amount of interest income earned by the County is projected based on a decline of interest rates by the Federal Reserve, but the County hopes to realize an increase in sales tax revenue in 2013. Receipts from the County's 1.5% sales tax, the largest revenue source for the County's general fund, is up 14.2% for the first six months of 2013 from the same period last year. This increase is more than expected and tends to indicate consumer spending in the County is increasing. The Super Wal-Mart Facility continues to see new construction which has brought more retail stores and restaurants to our community. Our Economic Development Director and the Pickaway Progress Partnership (formerly CIC) is working hard at marketing Pickaway County with the goal of bringing new business to the County, which would enhance our Sales Tax and Real Estate revenues. Listed are some of those accomplishments.

Pickaway County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

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

Florida Production Engineering (FPE): FPE completed a 40,000 square foot addition to its injection molding plant on Orr Road in Pickaway Township. The addition to the plant will allow FPE to increase productivity and meet increasing demands from its customers. P3 helped to negotiate and secure an Enterprise Zone tax abatement to support this new capital investment. The abatement and corresponding plant expansion will support the retention of nearly 300 existing and new employees.

P3/OCU/TechColumbus Business Incubator: Planning began in late 2011/early 2012 for the creation of a business incubator on the campus of Ohio Christian University (OCU). P3 secured \$200,000 in local funds to be matched with an equivalent amount of State of Ohio 3rd Frontier funds for TechColumbus. TechColumbus will provide operational support in the development of a comprehensive business incubation program at OCU. The incubator will provide an array of support services and funding to help entrepreneurs develop and grow new businesses in Pickaway County. P3 has committed significant resources to the development of an application for a Federal Economic Development Administration grant to support the construction of a new facility on the campus of OCU to house the incubator. Funding announcements are expected in early 2013 for this highly competitive grant program.

Pickaway East-West Connector: P3 secured \$3.5 million of 629 Roadwork Development funds from the State of Ohio to supplement the \$16 million federal TIGER grant that was awarded for the construction of the Rickenbacker Intermodal Connector. This project has been identified as a high priority by numerous groups in the central Ohio region such as MORPC, the Columbus Region Logistics Council, and Columbus 2020. This funding allowed for construction on Phase I of the project to begin in the fall of 2012. Improving transportation access to the Rickenbacker Global Logistics Park and Norfolk Southern Intermodal areas will help to maximize the tremendous development potential of northern Pickaway County.

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

Circleville Gateway: P3 led planning efforts to initiate a comprehensive makeover of the 22/23 interchange in Circleville. The vision is to improve safety and flow of traffic through the area and provide a more aesthetically inviting entrance into the City of Circleville for the nearly 30,000 vehicles that pass by on US 23 every day. Initial work began on this multi-phase project in September with the repaving of US 22 along with new curb in front of the Cargil facility. P3 will continue working to secure funding to support subsequent phases of the project.

Requests for Information

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

Pickaway County, Ohio

Statement of Net Position

December 31, 2012

	Primary Government			Component
	Governmental Activities	Business-Type Activities	Total	Unit
				Pickaway County Airport Authority
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$21,489,210	\$266,931	\$21,756,141	\$251,479
Cash and Cash Equivalents in Segregated Accounts	105,136	0	105,136	0
Cash and Cash Equivalents With Escrow Agents	68,038	0	68,038	0
Materials and Supplies Inventory	372,644	0	372,644	0
Accrued Interest Receivable	28,914	0	28,914	0
Accounts Receivable	50,173	53,700	103,873	4,770
Internal Balance	9,068	(9,068)	0	0
Intergovernmental Receivable	3,680,193	27,211	3,707,404	37,677
Sales Taxes Receivable	1,104,855	0	1,104,855	0
Property Taxes Receivable	5,983,919	0	5,983,919	0
Payment in Lieu of Taxes Receivable	581,667	0	581,667	0
Special Assessments Receivable	78,010	0	78,010	0
Prepaid Items	200,293	0	200,293	0
Nondepreciable Capital Assets	731,102	1,115,962	1,847,064	594,056
Depreciable Capital Assets, Net	41,108,409	2,264,254	43,372,663	1,189,980
<i>Total Assets</i>	<u>75,591,631</u>	<u>3,718,990</u>	<u>79,310,621</u>	<u>2,077,962</u>
Liabilities:				
Accounts Payable	890,957	3,517	894,474	10,666
Accrued Wages and Benefits	863,245	4,511	867,756	0
Contracts Payable	473,149	85,813	558,962	37,677
Intergovernmental Payable	108,256	18,446	126,702	0
Matured Compensated Absences	44,848	0	44,848	0
Accrued Interest Payable	11,465	0	11,465	0
Deposits Held and Due To Others	25,397	0	25,397	0
<i>Long-Term Liabilities:</i>				
Due Within One Year	1,251,864	125,586	1,377,450	0
Due In More Than One Year	4,160,087	2,605,288	6,765,375	0
<i>Total Liabilities</i>	<u>7,829,268</u>	<u>2,843,161</u>	<u>10,672,429</u>	<u>48,343</u>
Deferred Inflows of Resources				
Property Taxes	5,582,111	0	5,582,111	0
Payment in Lieu of Taxes	290,833	0	290,833	0
Unavailable Interest Revenue	14,237	0	14,237	0
Deferred Inflows of Resources	<u>5,887,181</u>	<u>0</u>	<u>5,887,181</u>	<u>0</u>
Net Position:				
Net Investment in Capital Assets	40,466,793	649,342	41,116,135	1,784,036
<i>Restricted for:</i>				
Auto License and Gas Tax	2,368,855	0	2,368,855	0
Human Services	187,498	0	187,498	0
Developmental Disabilities	12,932,715	0	12,932,715	0
Debt Service	137,847	0	137,847	0
Capital Projects	0	0	0	220,150
Other Purposes	3,408,663	0	3,408,663	0
Unrestricted	2,372,811	226,487	2,599,298	25,433
<i>Total Net Position</i>	<u>\$61,875,182</u>	<u>\$875,829</u>	<u>\$62,751,011</u>	<u>\$2,029,619</u>

See accompanying notes to the basic financial statements

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Pickaway County, Ohio
Statement of Activities
 December 31, 2012

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
<i>Current:</i>				
<i>General Government:</i>				
Legislative and Executive	\$5,634,407	\$2,160,553	\$21,196	\$0
Judicial	2,346,814	806,412	115,285	0
Public Safety	7,158,238	887,825	742,105	0
Public Works	6,249,013	96,567	3,695,000	687,842
Health	4,400,313	255,824	1,365,504	0
Human Services	5,928,987	199,223	4,615,284	0
Conservation and Recreation	319,388	86,918	0	0
Community and Economic Development	837,407	0	169,147	0
Other	33,071	0	0	0
Interest and Fiscal Charges	265,873	0	0	0
<i>Total Governmental Activities</i>	<u>33,173,511</u>	<u>4,493,322</u>	<u>10,723,521</u>	<u>687,842</u>
Business-Type Activities:				
Countywide Sewer	277,737	356,337	0	0
Instant Web Checks	32,530	31,820	0	0
<i>Total Business-Type Activities</i>	<u>310,267</u>	<u>388,157</u>	<u>0</u>	<u>0</u>
<i>Total Primary Government</i>	<u>\$33,483,778</u>	<u>\$4,881,479</u>	<u>\$10,723,521</u>	<u>\$687,842</u>
Component Units:				
Pickaway County Airport Authority	\$150,484	\$139,435	\$0	\$127,901
<i>Total Component Units</i>	<u>\$150,484</u>	<u>\$139,435</u>	<u>\$0</u>	<u>\$127,901</u>

General Revenues:

Property Taxes Levied for:

General Purposes

Health

Debt Service

Sales Tax for:

General Purposes

Capital Projects

Payments in Lieu of Taxes

Grants and Entitlements not Restricted to Specific Programs

Investment Earnings

Miscellaneous

Total General Revenues

Changes in Net Position

Net Position at Beginning of Year, Restated

Net Position at End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Units
Governmental Activities	Business-Type Activities	Total	Pickaway County Airport Authority
(\$3,452,658)	\$0	(\$3,452,658)	\$0
(1,425,117)	0	(1,425,117)	0
(5,528,308)	0	(5,528,308)	0
(1,769,604)	0	(1,769,604)	0
(2,778,985)	0	(2,778,985)	0
(1,114,480)	0	(1,114,480)	0
(232,470)	0	(232,470)	0
(668,260)	0	(668,260)	0
(33,071)	0	(33,071)	0
(265,873)	0	(265,873)	0
<u>(17,268,826)</u>	<u>0</u>	<u>(17,268,826)</u>	<u>0</u>
0	78,600	78,600	0
0	(710)	(710)	0
<u>0</u>	<u>77,890</u>	<u>77,890</u>	<u>0</u>
<u>(17,268,826)</u>	<u>77,890</u>	<u>(17,190,936)</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>116,852</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>116,852</u>
2,904,347	0	2,904,347	0
3,757,727	0	3,757,727	0
4,702	0	4,702	0
5,394,939	0	5,394,939	0
190,584	0	190,584	0
516,262	0	516,262	0
1,461,672	0	1,461,672	0
225,780	0	225,780	1,772
445,831	23	445,854	824
<u>14,901,844</u>	<u>23</u>	<u>14,901,867</u>	<u>2,596</u>
(2,366,982)	77,913	(2,289,069)	119,448
<u>64,242,164</u>	<u>797,916</u>	<u>65,040,080</u>	<u>1,910,171</u>
<u>\$61,875,182</u>	<u>\$875,829</u>	<u>\$62,751,011</u>	<u>\$2,029,619</u>

Pickaway County, Ohio

Balance Sheet

Governmental Funds

December 31, 2012

	General	Auto, License and Gas Tax	Job and Family Services	Board of Developmental Disabilities
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$2,915,435	\$675,536	\$97,461	\$12,719,678
Cash and Cash Equivalents In Segregated Accounts	67,402	0	27	0
Cash and Cash Equivalents With Escrow Agents	0	0	0	0
Materials and Supplies Inventory	45,312	322,291	5,041	0
Accounts Receivable	50,173	0	0	0
Accrued Interest Receivable	28,900	0	0	0
Interfund Receivable	85,891	0	0	0
Intergovernmental Receivable	526,494	1,784,371	321,852	263,994
Prepaid Items	119,628	0	59,764	18,349
Sales Taxes Receivable	1,060,660	0	0	0
Property Taxes Receivable	2,602,651	0	0	3,381,268
Payment in Lieu of Taxes Receivable	0	0	0	0
Special Assessments Receivable	0	0	0	0
<i>Total Assets</i>	<u>\$7,502,546</u>	<u>\$2,782,198</u>	<u>\$484,145</u>	<u>\$16,383,289</u>
Liabilities:				
Accounts Payable	\$293,548	\$87,609	\$22,734	\$129,883
Accrued Wages and Benefits	467,812	106,404	113,704	92,290
Contracts Payable	0	20,979	0	0
Intergovernmental Payable	48,907	0	8,886	17,901
Matured Compensated Absences	19,649	0	0	0
Interfund Payable	0	0	120	0
Deposits Held and Due To Others	25,397	0	0	0
<i>Total Liabilities</i>	<u>855,313</u>	<u>214,992</u>	<u>145,444</u>	<u>240,074</u>
Deferred Inflows of Resources:				
Property Taxes	2,602,651	0	0	3,381,268
Payment in Lieu of Taxes	0	0	0	0
Special Assessments	0	0	0	0
Unavailable Grants Revenue	384,749	1,189,769	0	228,023
Unavailable Interest Revenue	14,237	0	0	0
<i>Total Deferred Inflows of Resources</i>	<u>3,001,637</u>	<u>1,189,769</u>	<u>0</u>	<u>3,609,291</u>
Fund Balances:				
Nonspendable	190,337	322,291	64,805	18,349
Restricted	0	1,055,146	273,896	12,515,575
Committed	0	0	0	0
Assigned	0	0	0	0
Unassigned	3,455,259	0	0	0
<i>Total Fund Balances (Deficit)</i>	<u>3,645,596</u>	<u>1,377,437</u>	<u>338,701</u>	<u>12,533,924</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$7,502,546</u>	<u>\$2,782,198</u>	<u>\$484,145</u>	<u>\$16,383,289</u>

See accompanying notes to the basic financial statements

Pickaway County, Ohio
*Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
December 31, 2012*

Other Governmental Funds	Total Governmental Funds		
\$5,081,100	\$21,489,210	Total Governmental Funds Balances	\$22,591,614
37,707	105,136	<i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
68,038	68,038	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	41,839,511
0	372,644		
0	50,173		
14	28,914		
0	85,891		
783,482	3,680,193	Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds:	
2,552	200,293	Property Taxes	401,808
44,195	1,104,855	Payments in Lieu of Taxes	290,834
0	5,983,919	Special Assessments	78,010
581,667	581,667	Intergovernmental Revenue	<u>2,096,821</u>
78,010	78,010		
<u>\$6,676,765</u>	<u>\$33,828,943</u>	Total	2,867,473
357,183	890,957	In the statement of activities, interest is accrued on outstanding debt, whereas in the governmental funds an interest expenditure is reported when due.	(11,465)
83,035	863,245		
452,170	473,149	Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the funds:	
32,562	108,256	General Obligation Notes	(1,049,672)
25,199	44,848	General Obligation Bonds	(2,645,615)
76,703	76,823	Loans Payable	(205,433)
0	25,397	OPWC Loans Payable	(219,512)
<u>1,026,852</u>	<u>2,482,675</u>	Special Assessment Bonds	(76,000)
0	5,983,919	Capital Leases Payable	(56,128)
581,667	581,667	Compensated Absences	<u>(1,159,591)</u>
78,010	78,010		
294,280	2,096,821	Total	<u>(5,411,951)</u>
0	14,237		
<u>953,957</u>	<u>8,754,654</u>	<i>Net Position of Governmental Activities</i>	<u>\$61,875,182</u>
2,552	598,334		
4,004,130	17,848,747		
932,683	932,683		
11,257	11,257		
(254,666)	3,200,593		
<u>4,695,956</u>	<u>22,591,614</u>		
<u>\$6,676,765</u>	<u>\$33,828,943</u>		

Pickaway County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
December 31, 2012

	General	Auto, License and Gas Tax	Job and Family Services	Board of Developmental Disabilities
Revenues:				
Property Taxes	\$3,034,911	\$0	\$0	\$3,942,844
Sales Tax	6,372,883	0	0	0
Payments in Lieu of Taxes	0	0	0	0
Special Assessments	0	0	0	0
Charges for Services	2,599,451	51,994	0	158,365
Licenses and Permits	47,410	0	0	0
Fines and Forfeitures	197,161	395	0	0
Intergovernmental	1,171,014	4,363,474	2,907,631	1,634,871
Interest	201,183	18,754	0	0
Rent	76,439	0	0	0
Other	166,642	0	98,189	53,443
<i>Total Revenues</i>	<u>13,867,094</u>	<u>4,434,617</u>	<u>3,005,820</u>	<u>5,789,523</u>
Expenditures:				
<i>Current:</i>				
<i>General Government:</i>				
Legislative and Executive	4,539,135	0	0	0
Judicial	1,859,754	0	0	0
Public Safety	5,965,878	0	0	0
Public Works	117,095	4,772,914	0	0
Health	124,802	0	0	4,172,895
Human Services	724,139	0	3,053,683	0
Conservation and Recreation	316,250	0	0	0
Community and Economic Development	0	0	0	0
Other	1,581	0	0	31,490
Capital Outlay	0	0	0	0
<i>Debt Service:</i>				
Principal Retirement	19,643	12,913	2,178	0
Interest and Fiscal Charges	858	0	0	0
<i>Total Expenditures</i>	<u>13,669,135</u>	<u>4,785,827</u>	<u>3,055,861</u>	<u>4,204,385</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>197,959</u>	<u>(351,210)</u>	<u>(50,041)</u>	<u>1,585,138</u>
Other Financing Sources (Uses):				
Inception of Capital Lease	14,520	0	0	0
Transfers In	0	0	0	0
Notes Issued	0	0	0	0
Proceeds of Loans	0	0	0	0
Transfers Out	(236,276)	(52,819)	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(221,756)</u>	<u>(52,819)</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(23,797)	(404,029)	(50,041)	1,585,138
<i>Fund Balances at Beginning of Year</i>	<u>3,669,393</u>	<u>1,781,466</u>	<u>388,742</u>	<u>10,948,786</u>
<i>Fund Balances at End of Year</i>	<u>\$3,645,596</u>	<u>\$1,377,437</u>	<u>\$338,701</u>	<u>\$12,533,924</u>

See accompanying notes to the basic financial statements

Pickaway County, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
December 31, 2012*

All Other Governmental Funds	Total Governmental Funds	Net Change in Fund Balances - Total Governmental Funds	\$351,537
\$13,702	\$6,991,457	Amounts reported for governmental activities in the statement of activities are different because:	
190,584	6,563,467	Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:	
450,846	450,846	Capital Asset Additions	2,017,714
108,769	108,769	Depreciation	<u>(2,648,055)</u>
1,086,358	3,896,168	Total	(630,341)
0	47,410		
166,980	364,536	Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
2,973,167	13,050,157	Property Taxes	(315,681)
5,843	225,780	Sales Tax	(977,944)
0	76,439	Payments in Lieu of Taxes	(12,594)
127,557	445,831	Intergovernmental Revenue	(99,112)
<u>5,123,806</u>	<u>32,220,860</u>	Special Assessments	<u>(9,000)</u>
		Total	(1,414,331)
629,547	5,168,682	Repayment of principal of long-term liabilities (e.g. bonds, notes, leases) is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	518,681
536,747	2,396,501	Other financing sources in the governmental funds that increase long-term liabilities in the statement of net position are not reported as	
899,912	6,865,790	Inception of Capital Leases	(14,520)
1,087,926	5,977,935	Proceeds of Notes Issued	(1,000,000)
128,549	4,426,246	Proceeds of Loans	<u>(207,210)</u>
2,217,719	5,995,541	Total	(1,221,730)
0	316,250	In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(116,787)
837,407	837,407	Compensated absences expense reported in the statement of activities does not require the use of current financial resources and therefore is not reported as an expenditure in governmental funds.	<u>145,989</u>
0	33,071	<i>Changes in Net Position of Governmental Activities</i>	<u><u>(\$2,366,982)</u></u>
405,863	405,863		
483,947	518,681		
148,228	149,086		
<u>7,375,845</u>	<u>33,091,053</u>		
(2,252,039)	(870,193)		
0	14,520		
806,034	806,034		
1,000,000	1,000,000		
207,210	207,210		
(516,939)	(806,034)		
<u>1,496,305</u>	<u>1,221,730</u>		
(755,734)	351,537		
5,451,690	22,240,077		
<u>\$4,695,956</u>	<u>\$22,591,614</u>		

Pickaway County, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
December 31, 2012

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property Taxes	\$2,914,000	\$2,914,000	\$3,034,911	\$120,911
Sales Tax	5,900,000	5,900,000	6,290,217	390,217
Charges for Services	2,225,027	2,225,027	2,301,580	76,553
Licenses and Permits	58,600	58,600	47,410	(11,190)
Fines and Forfeitures	131,650	131,650	140,592	8,942
Intergovernmental	953,122	953,122	1,143,082	189,960
Interest	203,000	203,000	227,607	24,607
Rent	63,468	63,468	76,439	12,971
Other	204,300	204,300	124,920	(79,380)
<i>Total Revenues</i>	<u>12,653,167</u>	<u>12,653,167</u>	<u>13,386,758</u>	<u>733,591</u>
Expenditures:				
<i>Current:</i>				
<i>General Government:</i>				
Legislative and Executive	4,701,732	4,621,866	4,482,518	139,348
Judicial	1,757,502	1,727,648	1,680,416	47,232
Public Safety	6,055,166	5,952,310	5,930,820	21,490
Public Works	121,337	119,276	119,275	1
Health	129,327	127,130	127,028	102
Human Services	775,733	762,556	709,262	53,294
Conservation and Recreation	363,678	357,500	357,500	0
Other	5,086	5,000	3,666	1,334
<i>Total Expenditures</i>	<u>13,909,561</u>	<u>13,673,286</u>	<u>13,410,485</u>	<u>262,801</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,256,394)</u>	<u>(1,020,119)</u>	<u>(23,727)</u>	<u>996,392</u>
Other Financing Sources (Uses):				
Advances In	0	0	46,340	46,340
Advances Out	0	0	(59,493)	(59,493)
Transfers In	0	0	2,609	2,609
Transfers Out	0	(236,276)	(236,276)	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>(236,276)</u>	<u>(246,820)</u>	<u>(10,544)</u>
<i>Net Change in Fund Balance</i>	(1,256,394)	(1,256,395)	(270,547)	985,848
<i>Fund Balance at Beginning of Year</i>	<u>2,790,994</u>	<u>2,790,994</u>	<u>2,790,994</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$1,534,600</u></u>	<u><u>\$1,534,599</u></u>	<u><u>\$2,520,447</u></u>	<u><u>\$985,848</u></u>

See accompanying notes to the basic financial statements

Pickaway County, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Auto, License and Gas Tax Fund
December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for Services	\$59,452	\$65,000	\$53,182	(\$11,818)
Fines and Forfeitures	471	515	395	(120)
Intergovernmental	3,971,185	4,341,795	4,524,665	182,870
Interest	9,146	10,000	18,754	8,754
Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Revenues</i>	<u>4,040,254</u>	<u>4,417,310</u>	<u>4,596,996</u>	<u>179,686</u>
Expenditures:				
<i>Current:</i>				
Public Works	4,661,913	5,197,986	4,912,496	285,490
<i>Debt Service:</i>				
Principal Retirements	<u>11,581</u>	<u>12,913</u>	<u>12,913</u>	<u>0</u>
<i>Total Expenditures</i>	<u>4,673,494</u>	<u>5,210,899</u>	<u>4,925,409</u>	<u>285,490</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(633,240)	(793,589)	(328,413)	465,176
Other Financing Sources (Uses):				
Transfers In	<u>0</u>	<u>22,944</u>	<u>0</u>	<u>(22,944)</u>
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>22,944</u>	<u>0</u>	<u>(22,944)</u>
<i>Net Change in Fund Balance</i>	(633,240)	(770,645)	(328,413)	442,232
<i>Fund Balance at Beginning of Year</i>	633,240	633,240	633,240	0
<i>Prior Year Encumbrances Appropriated</i>	<u>178,565</u>	<u>178,565</u>	<u>178,565</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$178,565</u>	<u>\$41,160</u>	<u>\$483,392</u>	<u>\$442,232</u>

See accompanying notes to the basic financial statements

Pickaway County, Ohio
*Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Job and Family Services Fund
December 31, 2012*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$3,396,584	\$3,396,516	\$3,053,634	(\$342,882)
Other	114,102	114,100	98,162	(15,938)
<i>Total Revenues</i>	<u>3,510,686</u>	<u>3,510,616</u>	<u>3,151,796</u>	<u>(358,820)</u>
Expenditures:				
<i>Current:</i>				
Human Services	3,550,549	3,550,549	3,094,198	456,351
<i>Total Expenditures</i>	<u>3,550,549</u>	<u>3,550,549</u>	<u>3,094,198</u>	<u>456,351</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(39,863)	(39,933)	57,598	97,531
<i>Fund Balance at Beginning of Year</i>	<u>39,865</u>	<u>39,865</u>	<u>39,865</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$2</u>	<u>(\$68)</u>	<u>\$97,463</u>	<u>\$97,531</u>

See accompanying notes to the basic financial statements

Pickaway County, Ohio
*Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Board of Developmental Disabilities Fund
December 31, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$3,840,000	\$3,840,000	\$3,942,844	\$102,844
Charges for Services	168,000	168,000	158,365	(9,635)
Intergovernmental	1,458,000	1,458,000	1,622,695	164,695
Other	35,000	35,000	53,443	18,443
<i>Total Revenues</i>	5,501,000	5,501,000	5,777,347	276,347
Expenditures:				
<i>Current:</i>				
Health	5,197,000	5,197,000	4,179,250	1,017,750
<i>Total Expenditures</i>	5,197,000	5,197,000	4,179,250	1,017,750
<i>Excess of Revenues Over Expenditures</i>	304,000	304,000	1,598,097	1,294,097
<i>Net Change in Fund Balance</i>	304,000	304,000	1,598,097	1,294,097
<i>Fund Balance Beginning of Year</i>	11,121,581	11,121,581	11,121,581	0
<i>Fund Balance End of Year</i>	\$11,425,581	\$11,425,581	\$12,719,678	\$1,294,097

See accompanying notes to the basic financial statements

Pickaway County, Ohio
Statement of Fund Net Position
Proprietary Funds
December 31, 2012

	Business-Type Activities		Total
	Countywide Sewer	Other Enterprise Fund	
Assets:			
<i>Current Assets:</i>			
Equity in Pooled Cash and Cash Equivalents	\$256,745	\$10,186	\$266,931
Accounts Receivable	53,700	0	53,700
Intergovernmental Receivable	27,211	0	27,211
<i>Total Current Assets</i>	<u>337,656</u>	<u>10,186</u>	<u>347,842</u>
<i>Noncurrent Assets:</i>			
Nondepreciable Capital Assets	1,115,962	0	1,115,962
Depreciable Capital Assets, Net	2,264,254	0	2,264,254
<i>Total Noncurrent Assets</i>	<u>3,380,216</u>	<u>0</u>	<u>3,380,216</u>
<i>Total Assets</i>	<u>3,717,872</u>	<u>10,186</u>	<u>3,728,058</u>
Liabilities:			
<i>Current Liabilities:</i>			
Accounts Payable	3,517	0	3,517
Accrued Wages and Benefits	4,511	0	4,511
Contracts Payable	85,813	0	85,813
Intergovernmental Payable	14,968	3,478	18,446
Interfund Payable	460	8,608	9,068
OPWC Loans Payable	20,000	0	20,000
OWDA Loans Payable	105,586	0	105,586
<i>Total Current Liabilities</i>	<u>234,855</u>	<u>12,086</u>	<u>246,941</u>
<i>Long-Term Liabilities:</i>			
OPWC Loans Payable	220,000	0	220,000
OWDA Loans Payable	2,385,288	0	2,385,288
<i>Total Long-Term Liabilities</i>	<u>2,605,288</u>	<u>0</u>	<u>2,605,288</u>
<i>Total Liabilities</i>	<u>2,840,143</u>	<u>12,086</u>	<u>2,852,229</u>
Net Position:			
Net Investment in Capital Assets	649,342	0	649,342
Unrestricted	228,387	(1,900)	226,487
<i>Total Net Position</i>	<u>\$877,729</u>	<u>(\$1,900)</u>	<u>\$875,829</u>

See accompanying notes to the basic financial statements

Pickaway County, Ohio
*Statement of Revenues,
Expenses and Changes in Fund Net Position
Proprietary Funds
December 31, 2012*

	Business - Type Activities		
	Countywide Sewer	Other Enterprise Fund	Total
Operating Revenues:			
Charges for Services	\$356,337	\$31,820	\$388,157
Other	23	0	23
<i>Total Operating Revenues</i>	<u>356,360</u>	<u>31,820</u>	<u>388,180</u>
Operating Expenses:			
Personal Services	63,698	0	63,698
Fringe Benefits	10,338	0	10,338
Contractual Services	156,762	21,686	178,448
Materials and Supplies	8,526	0	8,526
Depreciation	38,413	0	38,413
Other	0	10,844	10,844
<i>Total Operating Expenses</i>	<u>277,737</u>	<u>32,530</u>	<u>310,267</u>
<i>Change in Net Position</i>	78,623	(710)	77,913
<i>Net Position at Beginning of Year</i>	<u>799,106</u>	<u>(1,190)</u>	<u>797,916</u>
<i>Net Position at End of Year</i>	<u><u>\$877,729</u></u>	<u><u>(\$1,900)</u></u>	<u><u>\$875,829</u></u>

See accompanying notes to the basic financial statements

Pickaway County, Ohio

Statement of Cash Flows

Proprietary Funds

December 31, 2012

	Business - Type Activities		
	Countywide Sewer	Other Enterprise Fund	Total
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities:			
Cash Received from Customers	\$354,230	\$31,820	\$386,050
Cash Received from Other Revenues	23	0	23
Cash Payments to Employees for Services and Benefits	(76,456)	0	(76,456)
Cash Payments for Goods and Services	(8,526)	0	(8,526)
Cash Payments for Contract Services	(56,805)	(20,444)	(77,249)
Cash Payments for Other Expenses	0	(10,844)	(10,844)
<i>Net Cash from Operating Activities</i>	<u>212,466</u>	<u>532</u>	<u>212,998</u>
Cash Flows from Capital and Related Financing Activities:			
Cash Proceeds Received from OWDA Loans	1,025,893	0	1,025,893
Principal Paid on Bond Anticipation Notes	(405,494)	0	(405,494)
Payments for Acquisition of Capital Assets	(745,985)	0	(745,985)
<i>Net Cash from Capital and Related Financing Activities</i>	<u>(125,586)</u>	<u>0</u>	<u>(125,586)</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	86,880	532	87,412
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>169,865</u>	<u>9,654</u>	<u>179,519</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u>\$256,745</u>	<u>\$10,186</u>	<u>\$266,931</u>

See accompanying notes to the basic financial statements.

(Continued)

Pickaway County, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2012
(continued)

	Business - Type Activities		
	Countywide Sewer	Other Enterprise Fund	Total
Reconciliation of Operating Income to Net Cash from Operating Activities			
Operating Income/(Loss)	\$78,623	(\$710)	\$77,913
<i>Adjustments:</i>			
Depreciation	38,413	0	38,413
<i>(Increase) Decrease in Assets:</i>			
Accounts Receivable	(434)	0	(434)
Intergovernmental Receivable	(1,673)	0	(1,673)
<i>Increase (Decrease) in Liabilities:</i>			
Accounts Payable	3,517	0	3,517
Contracts Payable	81,142	0	81,142
Accrued Wages and Benefits	(2,420)	0	(2,420)
Intergovernmental Payable	14,838	(7,366)	7,472
Interfund Payable	460	8,608	9,068
<i>Net Cash from Operating Activities</i>	<u>\$212,466</u>	<u>\$532</u>	<u>\$212,998</u>

See accompanying notes to the basic financial statements

Pickaway County, Ohio
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2012

	Private Purpose Trust	Agency
Assets:		
Equity in Pooled Cash and Cash Equivalents	\$1,194	\$3,106,200
Cash and Cash Equivalents in Segregated Accounts	0	1,032,481
Accounts Receivable	0	24,952
Intergovernmental Receivable	0	3,749,792
Property Taxes Receivable	0	45,032,682
<i>Total Assets</i>	<u>1,194</u>	<u>\$52,946,107</u>
Liabilities:		
Accounts Payable	0	3,404
Accrued Wages and Benefits	0	44,606
Intergovernmental Payable	0	51,744,550
Compensated Absences Payable	0	33,754
Deposits Held and Due To Others	0	1,116,500
Undistributed Monies	0	3,293
<i>Total Liabilities</i>	<u>0</u>	<u>\$52,946,107</u>
Net Position:		
Held in Trust for Other Individuals and Organizations	<u>1,194</u>	
<i>Total Net Position</i>	<u>\$1,194</u>	

See accompanying notes to the basic financial statements

Pickaway County, Ohio
Statement of Changes in Fund Net Position
Fiduciary Fund
December 31, 2012

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

See accompanying notes to the basic financial statements

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Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 1 - DESCRIPTION OF PICKAWAY COUNTY AND REPORTING ENTITY

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

Reporting Entity

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

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

Discretely Presented Component Unit

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

Pickaway County Airport Authority - Pickaway County Airport Authority (the Authority) operates on a fiscal year ending December 31. The five member Board for the Authority is appointed by the County Commissioners. The Commissioners also review the budget and have the ability to impose its will on the Authority. Pickaway County provides utilities and insurance for the Authority. During 2012, the County made no financial contributions either to or on behalf of the Authority. Financial information is included in the accompanying financial statements.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

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

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

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

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

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

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

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

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

B. Fund Accounting

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

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

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

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

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

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

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

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

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

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

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

The Sheriff web check fund accounts for criminal background check services completed by the Sheriff's office for area businesses and governments.

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

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

C. Measurement Focus

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

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

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

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

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

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

D. Basis of Accounting

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

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

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

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

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

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

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

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

E. Budgetary Process

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the County Auditor. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts when the original certificate of estimated resources was adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during 2012. The County does not include advances between funds in the certificate of estimated resources.

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

F. Cash, Cash Equivalents, and Investments

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

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

Unspent debt proceeds from the 2012 Energy Saving Renovation Bonds are recorded as "cash and cash equivalents with escrow agents."

During 2012, investments were limited to STAR Ohio, U.S. Government Securities, certificates of deposits, and other interest bearing accounts with local commercial banks.

Investments are reported at fair value, except for nonnegotiable certificates of deposit which are reported at cost. Fair value is based on quoted market prices. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2012.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

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

Under existing Ohio statutes all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the General Fund during 2012 amounted to \$201,183 which includes \$173,381 assigned from other County funds.

G. Inventory

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

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

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2012, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

I. Capital Assets

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

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

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

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

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

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

J. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balance. As of December 31, 2012, there were \$9,068 of internal balances reported on the statement of net position.

K. Compensated Absences

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

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

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

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

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

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

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

L. Accrued Liabilities and Long-term Obligations

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

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

M. Fund Balance Reserves

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

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

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

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

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

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

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

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

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

N. Net Position

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

O. Operating Revenues and Expenses

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

P. Interfund Transactions

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

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

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the County and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2012.

R. Estimates

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

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

Net Change in Fund Balances (Deficits) / Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses				
	General	Auto, License and Gas Tax	Job and Family Services	Board of Developmental Disabilities
GAAP Basis	(\$23,797)	(\$404,029)	(\$50,041)	\$1,585,138
<i>Adjustments:</i>				
Net Adjustment for Revenue Accruals	(109,331)	162,379	145,976	(12,176)
Net Adjustment for Expenditure Accruals	(72,229)	(86,763)	(38,337)	25,135
Net Adjustment for Other Sources (Uses)	(27,673)	0	0	0
<i>Perspective Difference:</i>				
Activity of Funds Reclassified For GAAP Reporting Purposes	(37,517)	0	0	0
Budget Basis	(\$270,547)	(\$328,413)	\$57,598	\$1,598,097

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 4 – NEW GASB PRONOUNCEMENTS/RESTATEMENTS

During 2012, the County implemented GASB Statement No. 57, “OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans,” GASB Statement No. 60, “Accounting and Financial Reporting for Service Concession Arrangements,” GASB Statement No. 62, “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,” GASB Statement No. 63, “Financial Reporting of Deferred Outflows of Resourced, Deferred Inflows of Resources, and Net Position,” GASB Statement No. 64, “Derivative Instruments: Application of Hedge Accounting Termination Provisions,” and GASB Statement No. 65, “Items Precisely Reported as Assets and Liabilities.”

GASB Statement Number 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. The objective of this Statement is to address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans. The requirements of this Statement have been implemented by the County, which did not result in any change in the County’s financial statement.

GASB Statement Number 60, Accounting and Financial Reporting for Service Concession Arrangements. The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The requirements of this Statement have been implemented by the County, which did not result in any change in the County’s financial statement.

GASB Statement Number 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. The objective of this Statement is to incorporate into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in the FASB and AICPA pronouncements which does not conflict with or contradict GASB pronouncements. The requirements of this Statement have been implemented by the County, which did not result in any change in the County’s financial statement.

GASB Statement Number 63, Financial Reporting of Deferred Outflows of Resourced, Deferred Inflows of Resources, and Net Position. The Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The requirements of this Statement have been implemented by the County, which did not result in any change in the County’s financial statement.

GASB Statement Number 64, Derivative Instruments: Application of Hedge Accounting Termination Provisions. The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty’s credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The requirements of this Statement have been implemented by the County, which did not result in any change in the County’s financial statement.

GASB Statement Number 65, Items Previously Reported as Assets and Liabilities. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of this Statement have been implemented by the County, which did not result in any change in the County’s financial statement.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 5 - CASH, DEPOSITS AND INVESTMENTS

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

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

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

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

Investments in stripped principal or interest obligations, except for federally issued or federally guaranteed stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the County, and must be purchased with the expectation that will be held to maturity. Investments may only be made through specific dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation (FDIC), or may pledge a pool of government securities valued at least 105% of the total value of public funds on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the County's name. During the year 2012, the County complied with the provisions of these statutes.

The amounts available for deposit and investment are as follows:

Cash and Cash Equivalents: (carrying amounts)	
- Pooled	\$24,863,535
- Segregated	1,137,617
- Escrow	68,038
- Component Units	251,479
Reconciling items (net) to arrive at bank balances	<u>275,645</u>
Total available for deposits and investments (Bank balance of deposit/carrying amount of investments)	<u><u>\$26,596,314</u></u>

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

Deposits

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

As of December 31, 2012, the carrying amount of all County deposits was \$15,550,075. Based on the criteria described in GASB Statement No. 40, \$15,043,285 of the County's bank balance of \$15,825,720 was exposed to custodial risk as discussed above while \$782,435 was covered by FDIC. The \$15,043,285 exposed to custodial risk was uninsured, and collateral was held by pledging banks trust department but not in the County's name.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

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

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

Investments

As of December 31, 2012 the County had the following investments and maturities:

Investment Type	Fair Value	Investment In Maturities in Years		
		Less Than One Year	1-2 Years	3-5 Years
U.S. Government Securities	\$10,770,344	\$0	\$5,763,132	\$5,007,212
STAROhio	250	250	0	0
Total Investments	<u>\$10,770,594</u>	<u>\$250</u>	<u>\$5,763,132</u>	<u>\$5,007,212</u>

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

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

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

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

A. Component Unit

Deposits and Investments

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

At year end, the carrying amount of the Pickaway County Airport Authority deposits was \$251,479 and the bank balance was \$251,479. Of the \$251,479 bank balance, \$250,000 was covered by federal depository insurance, the remaining \$1,479 was exposed to custodial risk and was uninsured, and collateral was held by the pledging banks trust department but not in the Authority's name.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 6 - INTERFUND TRANSACTIONS

Interfund balances at December 31, 2012, consist of the following receivables and payables:

	<u>Interfund Receivables</u>	<u>Interfund Payable</u>
General	\$85,891	\$0
Job and Family Services	0	120
Countywide Sewer	0	460
Nonmajor Special Revenue Funds	0	76,703
Nonmajor Enterprise Funds	0	8,608
Totals	<u>\$85,891</u>	<u>\$85,891</u>

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

A summary of interfund transfers for 2012 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$0	\$236,276
Auto, License and Gas Tax	0	52,819
Nonmajor Other Governmental Funds	806,034	516,939
Totals	<u>\$806,034</u>	<u>\$806,034</u>

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

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 7 - RECEIVABLES

Receivables at December 31, 2012 consisted of property taxes, sales taxes, accounts (billings for user charged services), interest, special assessments and intergovernmental grants. All receivables are considered fully collectible.

A summary of the principal items of intergovernmental receivable follows:

Governmental Activities	
<i>General Fund:</i>	
Local Government Distributions	\$360,864
State Property Tax Reimbursements	165,630
	<hr/>
Total General Fund	526,494
<i>Auto, License and Gas Tax Fund:</i>	
Motor Vehicle License Tax	594,602
Gasoline Tax	1,189,192
Grants	577
	<hr/>
Total Auto, License and Gas Tax Fund	1,784,371
<i>Job and Family Services Fund:</i>	
State and Federal Funding	321,852
<i>Board of Developmental Disabilities Fund:</i>	
State Property Tax Reimbursements	251,291
Grants	12,703
	<hr/>
Total Board of Developmental Disabilities Fund	263,994

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 7 - RECEIVABLES *(Continued)*

Non Major Special Revenue Funds:

Motor Vehicle Permissive Tax	197,376
FEMA Grant	12,705
Child Support Enforcement Agency	261,234
Youth Services Subsidy Grant	34,969
VOCA Grant	8,337
Crime Victims Assistance	77,696
HUD Grants	26,149
Emergency Management	50,245
COPS Grant	8,269
Workforce Development	63,685
SPL Grant	6,222
Community Correction Grant	36,595
Nonmajor Special Revenue Funds	<u>783,482</u>
Total Intergovernmental Receivable	<u><u>\$3,680,193</u></u>

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 8- CAPITAL ASSETS

A summary of changes in general capital assets during 2012 were as follows:

	Balance at January 1, 2012	Additions	Deletions	Balance at December 31, 2012
Governmental Activities:				
<i>Nondepreciable Capital Assets:</i>				
Land	\$731,102	\$0	\$0	\$731,102
Total Nondepreciable Capital Assets	731,102	0	0	731,102
<i>Depreciable Capital Assets:</i>				
Buildings	20,922,668	22,170	0	20,944,838
Improvements Other Than Buildings	1,496,349	59,056	0	1,555,405
Machinery and Equipment	6,862,042	121,949	(33,583)	6,950,408
Furniture and Fixtures	1,020,090	0	0	1,020,090
Vehicles	3,538,866	111,577	(20,865)	3,629,578
Infrastructure	35,507,847	1,702,962	(506,366)	36,704,443
Total Depreciable Capital Assets	69,347,862	2,017,714	(560,814)	70,804,762
<i>Accumulated Depreciation:</i>				
Buildings	(3,441,722)	(141,431)	0	(3,583,153)
Improvements Other Than Buildings	(315,148)	(109,107)	0	(424,255)
Machinery and Equipment	(4,642,866)	(364,877)	33,583	(4,974,160)
Furniture and Fixtures	(676,773)	(37,749)	0	(714,522)
Vehicles	(2,291,361)	(233,064)	20,865	(2,503,560)
Infrastructure	(16,241,242)	(1,761,827)	506,366	(17,496,703)
Total Accumulated Depreciation	(27,609,112)	(2,648,055)	560,814	(29,696,353)
Depreciable Capital Assets, Net	41,738,750	(630,341)	0	41,108,409
Governmental Activities Capital Assets, Net	\$42,469,852	(\$630,341)	\$0	\$41,839,511

At December 31, 2012, capital assets include \$127,907 of machinery and equipment under capitalized leases.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 8- CAPITAL ASSETS *(Continued)*

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

Governmental Activities	
<i>General Government:</i>	
Legislative and Executive	\$218,694
Judicial	53,300
Public Safety	318,720
Public Works	1,948,663
Health	42,022
Human Services	63,518
Conservation and Recreation	3,138
Governmental Activities Depreciation Expense	\$2,648,055

	Balance January 1, 2012	Additions	Deletions	Balance December 31, 2012
Business-Type Activities:				
<i>Nondepreciable Capital Assets:</i>				
Land	\$13,964	\$0	\$0	\$13,964
Construction in Progress	356,013	745,985	0	1,101,998
Total Nondepreciable Capital Assets	369,977	745,985	0	1,115,962
<i>Depreciable Capital Assets:</i>				
Plant and Facilities	376,966	0	0	376,966
Infrastructure	2,479,628	0	0	2,479,628
Total Depreciable Capital Assets	2,856,594	0	0	2,856,594
<i>Accumulated Depreciation:</i>				
Plant and Facilities	(373,976)	(2,990)	0	(376,966)
Infrastructure	(179,951)	(35,423)	0	(215,374)
Total Accumulated Depreciation	(553,927)	(38,413)	0	(592,340)
Depreciable Capital Assets, Net	2,302,667	(38,413)	0	2,264,254
Business-Type Activities Capital Assets, Net	\$2,672,644	\$707,572	\$0	\$3,380,216

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

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 9 - LONG-TERM OBLIGATIONS

The County's long-term obligations activity for the year ended December 31, 2012, was as follows:

Purpose	Outstanding January 1, 2012	Additions	Deletions	Outstanding December 31, 2012	Amounts Due Within One Year
Governmental Activities:					
<i>General Obligation Notes Payable:</i>					
Agriculture Society's Note 2008-2112 4.50%	\$7,600	\$0	\$7,600	\$0	\$0
TIF Note - Traffic Flow Study 2009-2012 4.50%	39,617	0	39,617	0	0
Engineer's Note - Tiger Mowers 2009-2013 4.50%	40,050	0	20,025	20,025	20,025
Engineer's Note - Utility Tractors 2009-2013 4.50%	58,025	0	28,378	29,647	29,647
TIF Note - Sidewalk/Street Light 2010-2012 2.75%	177,383	0	177,383	0	0
TIF Note - Crites Rd/Progress Parkway 2012-2017 1.50%	0	1,000,000	0	1,000,000	200,000
<i>General Obligation Bonds Payable:</i>					
Energy Saving Renovation Bonds 2010-2025 3.920%	2,820,615	0	175,000	2,645,615	180,000
OPWC Loan 2009-2029 0%	232,425	0	12,913	219,512	12,912
Clark's Run Ditch Loan 2012-2017 2.50%	0	176,226	1,777	174,449	33,532
Pence Tile Ditch Improvement Loan 2012-2017 2.50%	0	30,984	0	30,984	5,893
<i>Special Assessment Bonds with Governmental Commitment:</i>					
Northwood Park Sanitary Sewer Improvement 1999-2019 6.00%	85,000	0	9,000	76,000	9,000
Greenbriar Ditch Extension 2007-2012 4.50%	22,000	0	22,000	0	0
<i>Other Long-Term Obligations:</i>					
Compensated Absences	1,305,580	1,292,186	1,438,175	1,159,591	736,866
Capital Leases	66,596	14,520	24,988	56,128	23,989
Governmental Activities Long-Term Obligations	\$4,854,891	\$2,513,916	\$1,956,856	\$5,411,951	\$1,251,864

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

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

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

The Greenbriar Ditch Extension Bonds were issued in 2007 for \$110,000 with a 4.50% interest rate. These bonds were issued for the installation and repair of ditching on Greenbriar Road, and will be paid with special assessments from the Greenbriar Ditch Debt Service Fund. The County is obligated to the extent of the remaining balance, if the property owners were to default.

The Agriculture Society's Note was issued in 2008 for \$38,000 with a 4.50% interest rate. This note was issued to purchase signs at the fairgrounds. This note was issued by the County Commissioners, but will be paid by the Agriculture Society per written agreement. The County is obligated to the extent of the remaining balance, if the Agriculture Society were to default.

The 2009 Tax Increment Financing Note was issued for \$225,000 with a 4.50% interest rate. These notes are issued for financing of a traffic flow study for the new constructed Crites Road. These notes will be repaid through Tax Increment Financing Debt Service Fund.

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

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

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

The 2010 Tax Increment Financing Note was issued for \$350,000 with a 2.75% interest rate. This note was issued for financing the replacement sidewalks and street lights. This note will be repaid through Tax Increment Financing Debt Service Fund.

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

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

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

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

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 9 - LONG-TERM OBLIGATIONS (Continued)

The compensated absences liability will be paid from the fund from which the employees are paid. The capital leases will be repaid through the General Fund, Job and Family Service Fund and other nonmajor special revenue funds. The amount of principal payments on the capital leases paid in 2012 amounted to \$24,988.

The following is a summary of the County's future principal and interest requirements for long-term obligations, including \$574,725 of interest:

For the Year Ended December 31,	Engineer's Note Tiger Mowers	Engineer's Note Utility Tractors	TIF – CritesRd/ Progress Parkway	Energy Saving Renovation Bonds
2013	\$20,926	\$30,989	\$214,250	\$304,678
2014	0	0	211,250	302,621
2015	0	0	208,250	295,370
2016	0	0	205,250	298,127
2017	0	0	202,250	295,473
2018-2022	0	0	0	1,381,153
2023-2026	0	0	0	263,881
Totals	<u>\$20,926</u>	<u>\$30,989</u>	<u>\$1,041,250</u>	<u>\$3,141,303</u>

For the Year Ended December 31,	OPWC Loan	Clark's Run Ditch Loan	Pence Tile Ditch Improvement Loan	Northwood Park Sanitary Sewer Improvement Bonds	Totals
2013	\$12,912	\$37,729	\$6,631	\$13,560	\$641,675
2014	12,912	37,729	6,631	14,020	585,163
2015	12,912	37,729	6,631	13,420	574,312
2016	12,913	37,729	6,631	13,820	574,470
2017	12,912	37,647	6,630	13,420	568,332
2018-2022	64,563	0	0	27,020	1,472,736
2023 - 2027	64,562	0	0	0	328,443
2028 - 2030	25,826	0	0	0	25,826
Totals	<u>\$219,512</u>	<u>\$188,563</u>	<u>\$33,154</u>	<u>\$95,260</u>	<u>\$4,770,957</u>

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 9 - LONG-TERM OBLIGATIONS (Continued)

In April 2008, Pickaway County signed a guarantee for a \$500,000 loan through the Rural Industrial Park Loan Program offered through the Ohio Department of Development. The loan is the primary responsibility of Pickaway Progress Partnership or P³, the area's community improvement corporation. However in the event that P³ would default on the loan, the Ohio Department of Development would first try to sell the property and building. If a sale does not occur, the loan would then be the responsibility of the Village of Ashville and Pickaway County. The Village of Ashville would be obligated to a maximum of \$20,000 annually and the remainder would be the responsibility of Pickaway County. The loan is a fifteen year loan with no payments due until the first year of sale or leased occupancy of the building or in the fifth year of the loan, whichever comes first.

NOTE 10 - LOANS PAYABLE

The County's loan transactions for the year ending December 31, 2012, were as follows:

Purpose	Balance January 1, 2012	Additions	Deletions	Balance December 31, 2012	Amount Due Within One Year
Business - Type Activities:					
<i>OPWC Loans</i>					
Darby Area Sewer Collection Design, 0%	\$260,000	\$0	\$20,000	\$240,000	\$20,000
<i>OWDA Loans Payable</i>					
Darby Area Sewer Collection Design, 0%	1,583,795	0	105,586	1,478,209	105,586
Darby Area Sewer Collection Design, 0%	266,680	13,228	279,908	0	0
Darby Area Sewer Collection Design, 0%	0	1,012,665	0	1,012,665	0
Business - Type Activities Loan Payable	\$2,110,475	\$1,025,893	\$405,494	\$2,730,874	\$125,586

The Ohio Public Works Commission (OPWC) Loan is related to improvements to the Darby Township Sanitary Sewer System. The loan will be paid in annual installments of \$20,000, over 20 years. The debt is to be repaid by user charges to consumers that use the system. This loan is to be a zero percentage interest rate for the life of the loan. This loan was issued in 2005 for \$380,000.

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

The Ohio Water Development Authority (OWDA) Loan is related to the Darby Area Sewer Collection Design Project. The OWDA has granted a loan in the amount of \$400,000 for this project. As of December 31, 2012, a repayment schedule for the loan has not been established, but the final payment is due by January 1, 2020. The debt is repaid by user charges to consumers that use the system. The County must set rates in an amount that guarantees repayment of the debt.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 10 - LOANS PAYABLE

The Ohio Water Development Authority (OWDA) Loan is related to the Darby Area Sanitary Sewer. The OWDA has granted a loan in the amount of \$1,012,665 for this project. As of December 31, 2012, a repayment schedule for the loan has not been established, but the final payment is due by January 1, 2044. The debt is repaid by user charges to consumers that use the system. The County must set rates in an amount that guarantees repayment of the debt.

NOTE 11 - CAPITALIZED LEASES - LESSEE DISCLOSURE

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

The following is a schedule of the future minimum lease payments under lease obligations which have been capitalized as of December 31, 2012.

For the Year Ended December 31,	Capital Lease Obligations
2013	\$26,652
2014	18,971
2015	7,711
2016	4,678
2017	726
Total Minimum Lease Payments	58,738
Less: Amount Representing Interest	2,610
Present Value of Minimum Lease Payments	\$56,128

NOTE 12 - PROPERTY TAXES

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

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

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 12 - PROPERTY TAXES (Continued)

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

Accrued property taxes receivable represent delinquent taxes outstanding and real and public utility taxes that were measurable and unpaid as of December 31, 2012. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31 and are not intended to finance 2012 operations. The receivable is therefore offset by a credit to deferred revenue.

The full tax rate for all County operations for the year ended December 31, 2012, was \$3 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2012 property tax receipts were based are as follows:

Category	Assessed Value
<i>Real Estate:</i>	
Agriculture	\$210,757,710
Residential	716,461,910
Commercial	96,862,760
Industrial	23,147,560
Minerals	669,730
Public Utilities	20,306,590
<i>Personal Property:</i>	
Public Utilities	160,637,060
Total Assessed Values	\$1,228,843,320

NOTE 13 - PERMISSIVE SALES TAX

In 1988, in accordance with Sections 5739.02 and 5741.02 of the Revised Code, the County Commissioners, by resolution, imposed a 1 percent tax on all retail sales, except sales of motor vehicles, made in the County, and on the storage, use, or consumption in the County of tangible personal property, including automobiles. In December 2001, the County Commissioners, by resolution, imposed an additional one-half percent tax on all retail sales, except sales of motor vehicles, made in the County, and on the storage, use, or consumption in the County of tangible personal property, including automobiles. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month. A warrant payable to the County is then drawn within five days. Proceeds of the tax were credited to the General Fund and Capital Project Fund. Amounts that have been collected by the State and are to be received within the available period are accrued as revenue. Sales and use tax revenue for 2012 amounted to \$5,585,523 in the statement of activities.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 14 - ACCOUNTABILITY

The following funds had deficit fund balances as of December 31, 2012:

Non-major Special Revenue Funds:

Diversion Program Grant	\$31
COPS Grants	2,928
HUD Grants	247,141
Communication 800 Matching Grant	4,566

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

NOTE 15 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts, theft or damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During 2012, the County contracted with County Risk Sharing Authority (CORSA), a jointly governed organization, for liability, property, and crime insurance. The CORSA program has a \$2,500 deductible.

Coverages provided by the program are as follows:

Property:

Buildings & Contents (\$100,000 annual aggregate pool limit for flood and earthquake)	\$85,415,223
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Liability:

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

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 15 - RISK MANAGEMENT *(Continued)*

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

The County participates in the Workers' Compensation Program provided by the State of Ohio. During 2012, the County belonged to a pool with 63 other Ohio counties (County Commissioners Association of Ohio) for a workers' compensation group-rating program. The County joined this group plan to achieve lower workers' compensation rates.

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

NOTE 16 - DEFINED BENEFIT RETIREMENT PLANS

All non-uniformed full time and part-time County employees participate in the Ohio Public Employee Retirement System while police officers participate in the Ohio Police and Fire Pension Fund.

A. Ohio Public Employees Retirement System

- (1) Ohio Public Employees Retirement System (OPERS) administers three separate pension plans as described below:
 - a. The Traditional Pension Plan – a cost sharing, multiple-employer defined benefit pension plan.
 - b. The Member-Directed Plan – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.
 - c. The Combined Plan – a cost sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirements assets in a manner similar to the Member-Directed Plan.
- (2) OPERS provide retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.
- (3) Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.
- (4) OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

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

- (5) The Ohio Revised Code provides statutory authority for member and employer contributions. For 2012, member and employer contributions rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions (who don't qualify for the Ohio Police and Fire Pension Fund) exist only within the Traditional Pension Plan.

For 2012 member contributions were 10.0 percent for members in state and local classifications. Public safety and law enforcement members contributed 11.0 percent and 11.6 percent, respectively.

For 2012 employer contribution rate for state and local employers was 14.0 percent of covered payroll. For both the law enforcement and public safety divisions, the employer contribution rate for 2012 was 18.10 percent.

- (6) Total required employer contributions for all plans were equal to 100 percent of the employer charges and should be extracted from the employer's records.
- (7) The County's required contributions for pension obligations to OPERS for the years ended December 31, 2012, 2011 and 2010 were \$1,196,246, \$1,346,414, and \$1,306,461, respectively; 97.14% has been contributed for 2012, and 100% has been contributed for 2011 and 2010. Of the 2012 amount, \$34,170 was unpaid at December 31, 2012 and is recorded as a liability in the basic financial statements.

B. State Teachers Retirement System of Ohio

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

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

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

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

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

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

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

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

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

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

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

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

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

Plan members are required to contribute 10% of their annual covered salary and the County is required to contribute 14% was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The County's contributions for pension obligations to STRS for the fiscal years ended December 31, 2012, 2011, and 2010 were \$10,403, \$7,407, and \$20,668, respectively. These contributions were equal to the required contributions for each of these years.

NOTE 17 - POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

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

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

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

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

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

NOTE 17 - POSTEMPLOYMENT BENEFITS *(Continued)*

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2012, state and local employer contributed at a rate of 14.00 percent of covered payroll and public safety and law enforcement employers contributed at 18.10 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0 percent during the calendar year of 2012. The portion of employer contributions allocated to health care for the calendar year beginning January 1, 2013 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 2013. The OPERS Board of Trustees is also authorized to establish rules for the retiree, or their surviving beneficiaries, to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The County's required contributions that were allocated to fund postemployment benefits with OPERS for the years ended December 31, 2012, 2011 and 2010 were \$478,499 \$516,560 and \$718,214, respectively.

The Health Care preservation Plan (HCPP) adopted by the OPERS Board of Trustees September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased January 1st of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning January 1, 2006, with a final rate increase January 1, 2001. These rate increases allowed additional funds to be allocated to the health care plan.

B. State Teachers Retirement System

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

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

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

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 17 - POSTEMPLOYMENT BENEFITS *(Continued)*

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

Funding Policy – Under Ohio law, funding for postemployment health care may be deducted from employer contributions. Of the 14% employer contribution rate, 1% of covered payroll was allocated to postemployment health care for the years ended June 30, 2012, 2011 and 2010. The 14% employer contribution rate is the maximum rate established under Ohio law.

The County's contributions allocated to fund postemployment health care benefits with STRS Ohio for the years ended December 31, 2012, 2011, 2010 were \$800, \$570, and \$1,590 respectively; 100% has been contributed for each of the three years.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 18 – FUND CASH BALANCES

As of December 31, 2012 fund balances are composed of the following:

	<u>General</u>	<u>Auto License & Gas Tax</u>	<u>Job and Family Services</u>	<u>Board of Developmental Disabilites</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<i>Nonspendable:</i>						
Prepaid Items	\$119,628	\$0	\$59,764	\$18,349	\$2,552	\$200,293
Materials & Supplies	45,312	322,291	5,041	0	0	372,644
Unclaimed Monies	25,397	0	0	0	0	25,397
Total Nonspendable	<u>190,337</u>	<u>322,291</u>	<u>64,805</u>	<u>18,349</u>	<u>2,552</u>	<u>598,334</u>
<i>Restricted:</i>						
Legislative & Executive	0	0	0	0	438,009	438,009
Judicial	0	0	0	0	227,776	227,776
Public Safety	0	0	0	0	596,271	596,271
Public Works	0	1,055,146	0	0	401,396	1,456,542
Health	0	0	0	12,515,575	255,142	12,770,717
Human Services	0	0	273,896	0	660,314	934,210
Economic Development	0	0	0	0	1,365,177	1,365,177
Debt Service	0	0	0	0	60,045	60,045
Total Restricted	<u>0</u>	<u>1,055,146</u>	<u>273,896</u>	<u>12,515,575</u>	<u>4,004,130</u>	<u>17,848,747</u>
<i>Committed:</i>						
Special Children Services	0	0	0	0	367,973	367,973
Capital Projects	0	0	0	0	564,710	564,710
Total Committed	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>932,683</u>	<u>932,683</u>
<i>Assigned:</i>						
Greenbriar Ditch	0	0	0	0	11,257	11,257
Total Assigned	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>11,257</u>	<u>11,257</u>
<i>Unassigned</i>	<u>3,455,259</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(254,666)</u>	<u>3,200,593</u>
Total Fund Balances	<u><u>\$3,645,596</u></u>	<u><u>\$1,377,437</u></u>	<u><u>\$338,701</u></u>	<u><u>\$12,533,924</u></u>	<u><u>\$4,695,956</u></u>	<u><u>\$22,591,614</u></u>

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 19 - ADDITIONAL DISCLOSURE FOR DISCRETELY PRESENTED COMPONENT UNIT

A. Measurement Focus and Basis of Accounting

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

B. Budgetary Basis of Accounting

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

C. Capital Assets

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

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

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

D. Restatement

During fiscal year 2012, it was determined that the net position was overstated in fiscal year 2011. The adjustment was due to a restatement of certain assets and liabilities.

	Pickaway County Airport
Net Position at December 31, 2011	\$1,957,987
Restatement	(47,816)
Net Position at December 31, 2011 Restated	\$1,910,171

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

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

A summary of changes in capital assets for the Pickaway County Airport during 2012 were as follows:

	Balance January 1, 2012	Additions	Deletions	Balance December 31, 2012
<i>Non-Depreciable Capital Assets:</i>				
Land	\$218,036	\$0	\$0	\$218,036
Construction in Progress	256,128	119,892	0	376,020
Total Non-Depreciable Capital Assets	474,164	119,892	0	594,056
<i>Depreciable Capital Assets:</i>				
Buildings and Improvements	1,041,748	0	0	1,041,748
Infrastructure	545,128	0	0	545,128
Total Depreciable Capital Assets	1,586,876	0	0	1,586,876
<i>Accumulated Depreciation:</i>				
Buildings	(289,560)	(26,044)	0	(315,604)
Infrastructure	(68,477)	(12,815)	0	(81,292)
Total Accumulated Depreciation	(358,037)	(38,859)	0	(396,896)
Depreciable Capital Assets, Net	1,228,839	(38,859)	0	1,189,980
Capital Assets, Net	\$1,703,003	\$81,033	\$0	\$1,784,036

NOTE 20 - JOINTLY GOVERNED ORGANIZATIONS

A. Berger Hospital

Berger Hospital is a jointly governed organization that provides diversified health care services to the community. The hospital is governed by a 9 member board: Pickaway County Commissioners appoint 4 members of the board, the City of Circleville appoints 4 members of the board and the final board member is the City of Circleville's Mayor. The Mayor is the President of the Board but does not have voting privileges unless there is a tie. The City of Circleville holds legal title to the Hospital. The degree of control exercised by the County is limited to its representation on the Board. Pickaway County does not have an ongoing financial interest in or an ongoing financial responsibility for the Hospital. During 2012, the County did not make any contributions to the Hospital. Complete financial statements can be obtained from the Berger Hospital, 600 N. Pickaway, Circleville, Ohio, 43113.

B. Paint Valley Mental Health Alcohol and Drug Addiction Board

The Paint Valley Mental Health Alcohol and Drug Addiction Board serves Pike, Fayette, Highland, Pickaway and Ross Counties and is a jointly governed organization that is responsible for developing, coordinating, modernizing, funding, monitoring and evaluating a community-based mental health and substance abuse program. The Board consists of eighteen members. The Director of the Ohio Department of Mental Health appoints four members and the Director of the Ohio Department of Alcohol and Drug Addiction Services appoints four members. The remaining members are appointed by the County Commissioners of Pike, Fayette, Highland, Pickaway, and Ross Counties in the same proportion as each County's population bears to the total population of the five counties combined. The Board receives revenue from the participating counties and receives federal and state funding through grant monies that are applied for and received by the Board of Trustees. Pickaway County cannot significantly influence operations of the Board, who has sole budgetary authority and controls surpluses and deficits. Pickaway County has no ongoing financial interest or responsibility. During 2012, Pickaway County did not make any contributions to the program.

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

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

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

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 20 - JOINTLY GOVERNED ORGANIZATIONS *(Continued)*

D. County Risk Sharing Authority (CORSA)

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

Each member County has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the Corporation are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the board of trustees. CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payment of the certificates. The County does not have an equity interest in CORSA. The County's payment for insurance to CORSA in 2012 was \$252,299.

E. Southern Ohio Council of Governments

The County is a member of the Southern Ohio Council of Governments, which is a jointly governed organization created under the Ohio Revised Code Section 167.01. The governing body consists of a thirteen member board with each participating County represented by its Director of its Board of Developmental Disabilities. Member counties include: Adams, Athens, Brown, Fayette, Gallia, Highland, Jackson, Lawrence, Pickaway, Pike, Ross, Scioto and Vinton Counties. During 2012, the County contributed \$18,132 to this organization. Financial statements can be obtained from the Southern Ohio Council of Governments, 43 N. Paint St., Chillicothe, Ohio, 45601.

NOTE 21 - RELATED ORGANIZATIONS

A. Pickaway County Park District

The Park District received a reimbursement grant from the Clean Ohio Trails Fund in an amount not to exceed \$155,550. The County agreed to expense monies to the Park District to fund the project and reimburse the County when grant monies were received. In 2012, the County received \$37,388 from the Park District. Currently the Park District has no obligation to the County.

B. Pickaway County District Public Library

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

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 22 - CONTINGENT LIABILITIES

In June 2011, the County received notification from the Ohio Department of Taxation that the County had received an over payment of \$308,000 of use tax in 2010. The amount is to be repaid over a period of 24 months by a portion of the over payment, plus interest, being reduced from the County's monthly receipt of use tax from the Department of Taxation. As of May 31, 2012, the County has repaid \$269,500 through these monthly reductions. The County's final reduction in the monthly receipt of use tax to repay this overpayment is August 2013.

In August 2012 the County discovered a pattern of alleged thefts by a former employee within the Treasurer's Office. The former employee has not disputed the charges and the case has been adjudicated, with restitution of \$12,000; this amount is not material to the financial statements. In May 2013, restitution of \$12,000 was received by the County.

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

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

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PICKAWAY COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2012

Federal Grantor / Pass through Grantor / Program Title	Pass-Through Entity Number	Federal CFDA Number	Expenditures
<u>U.S. Department of Agriculture</u>			
<i>Passed through Ohio Department of Education:</i>			
<i>Child Nutrition Cluster:</i>			
National School Breakfast Program	2011/2012	10.553	\$3,230
National School Lunch Program	2011/2012	10.555	4,799
Total - Child Nutrition Cluster			<u>8,029</u>
<i>Food and Nutrition Services:</i>			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	31-6400-083	10.561	333,114
Total U.S. Department of Agriculture			<u>341,143</u>
<u>U.S. Department of Housing and Urban Development</u>			
<i>Passed through the State of Ohio - Development Services Agency:</i>			
Community Development Block Grant	B-F-11-1CH-1	14.228	73,513
Community Development Block Grant	B-C-11-1CH-1	14.228	21,375
Total - Community Development Block Grant			<u>94,888</u>
HOME Investment Partnership Program	B-C-08-060-2	14.239	19,137
Total U.S. Department of Housing and Urban Development			<u>114,025</u>
<u>U.S. Department of Justice</u>			
<i>Passed through Ohio Department of Youth Services:</i>			
Bulletproof Vest Partnership Program	n/a	16.607	11,793
<i>Passed through Ohio Attorney General:</i>			
Crime Victim Assistance	2012-VAGENE-095	16.575	58,421
Crime Victim Assistance	2012-SAGENE-095	16.575	6,085
Crime Victim Assistance	2013-VAGENE-095	16.575	14,856
Crime Victim Assistance	2013-SAGENE-095	16.575	1,092
Total - Crime Victim Assistance			<u>80,454</u>
Total U.S. Department of Justice			<u>92,247</u>
<u>U.S. Department of Homeland Security</u>			
<i>Passed through Ohio Department of Public Safety Emergency Management Agency:</i>			
Homeland Security Grant	2009-SS-T9-0089	97.067	67,550
Citizen Corp Grant	2009-SS-T9-0089	97.067	6,120
Total - Homeland Security Grant			<u>73,670</u>
Hazard Mitigation Grant	FEMA-4077-DR-129-12669	97.039	9,890
Hazard Mitigation Grant	FEMA-4077-DR-129-12669	97.039	1,000
Total Hazard Mitigation Grant			<u>10,890</u>
Emergency Management Performance Grant	2011-EP-00-0003-S01	97.042	31,672
Emergency Management Performance Grant	2012-EP-00-0003-S01	97.042	9,198
Total - Emergency Management Performance Grant			<u>40,870</u>
Total U.S. Department of Homeland Security			<u>125,430</u>

PICKAWAY COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)

Federal Grantor / Pass through Grantor / Program Title	Pass-Through Entity Number	Federal CFDA Number	Expenditures
<u>U.S. Department of Education</u>			
<i>Passed through Ohio Department of Education:</i>			
Special Education Grants to States	066191-6BSF-2011/2012	84.027	17,397
<i>Passed through Ohio Department of Health:</i>			
Special Education Grants for Infants and Families	31-6400-083	84.181	53,769
Total U.S. Department of Education			71,166
<u>U.S. Department of Health and Human Services</u>			
<i>Passed through Ohio Department of Job & Family Services:</i>			
Promoting Safe and Stable Families	31-6400-083	93.556	54,157
Child Welfare Services State Grant	31-6400-083	93.645	21,949
Foster Care Title IV-E	31-6400-083	93.658	106,061
Adoption Assistance	31-6400-083	93.659	114,860
Chaffee Foster Care Independence Program	31-6400-083	93.674	644
Temporary Assistance for Needy Families (TANF)	31-6400-083	93.558	1,051,718
Child Care Development Block Grant	31-6400-083	93.575	60,183
Social Service Block Grant	31-6400-083	93.667	281,529
Child Support Enforcement	31-6400-083	93.563	478,215
State Children's Insurance Program	31-6400-083	93.767	1,717
Medical Assistance Program	31-6400-083	93.778	192,386
<i>Passed through Ohio Department of Developmental Disabilities:</i>			
Social Services Block Grant	31-6400-083	93.667	34,606
<i>Passed through Ohio Secretary of State:</i>			
Voting Access for Individuals with Disabilities - Grants to States	06-SOS-HHS-65	93.617	3,675
Help America Vote Act Requirements Payments	06-SOS-HHS-65	93.617	4,016
			7,691
Total U.S. Department of Health and Human Services			2,405,716
<u>U.S. Department of Transportation</u>			
<i>Received Directly from Federal Agency</i>			
Airport Improvement Grant	n/a	20.106	268,469
<i>Passed through Ohio Department of Public Safety:</i>			
<i>Highway Safety Cluster</i>			
State and Community Highway Safety	HVEO-2012-65	20.600	8,409
State and Community Highway Safety	HVEO-2013-65	20.600	4,487
Safe Communities Grant	SC-2012-65	20.600	30,067
Safe Communities Grant	SC-2013-65	20.600	8,628
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	HVEO-2012-65	20.601	8,409
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	HVEO-2013-65	20.601	4,487
Total - Highway Safety Cluster			64,487
<i>Passed through Ohio Department of Transportation:</i>			
Highway Planning and Construction	n/a	20.205	145,568
Total U.S. Department of Transportation			478,524
<u>U.S. Department of Labor</u>			
<i>Passed through the Area 20/21 Workforce Investment Board:</i>			
Admin - Work Investment Act-Adult	31-6400-083	17.258	12,226
Work Investment Act-Adult	31-6400-083	17.258	61,601
Total-Adult			73,827
Admin - Work Investment Act-Youth	31-6400-083	17.259	46
Work Investment Act-Youth	31-6400-083	17.259	78,558
Total-Youth			78,604

PICKAWAY COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
 FOR THE YEAR ENDED DECEMBER 31, 2012
 (Continued)

Federal Grantor / Pass through Grantor / Program Title	Pass-Through Entity Number	Federal CFDA Number	Expenditures
Admin - Work Investment Act-Dislocated Worker	31-6400-083	17.278	22,686
Work Investment Act-Dislocated Worker	31-6400-083	17.278	93,095
Total-Dislocated Worker			<u>115,781</u>
Total U.S. Department of Labor			<u>268,212</u>
<u>Executive Office of the President - Office of National Drug Control Policy</u>			
<i>Passed through the City of Shaker Heights:</i>			
High Intesity Drug Trafficking Areas - 2011	G11OH0001A	95.001	<u>3,078</u>
Total Executive Office of the President - Office of National Drug Control Policy			<u>3,078</u>
Total Federal Awards Expenditures			<u><u>\$3,899,541</u></u>

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

PICKAWAY COUNTY

NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FISCAL YEAR ENDED DECEMBER 31, 2012

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - SUBRECIPIENTS

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

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

NOTE C - CHILD NUTRITION CLUSTER

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

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

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

These loans are collateralized by liens on the property.

Activity in the CDBG revolving loan fund during 2012 is as follows:

Beginning loans receivable balance as of January 1, 2012	\$93,473
Loans made	-
Loan principal repaid	-
Ending loans receivable balance as of December 31, 2012	<u>\$93,473</u>
Cash balance on hand in the revolving loan fund as of December 31, 2012	\$283,649
Administrative costs expended during 2012	-

The table above reports gross loans receivable. For projects of \$15,000 or less, 80% is forgiven in five years and 20% remains as a lien until the property changes hands. A project of \$15,001 or more has a ten-year forgiveness of the 80% and 20% as a lien.

PICKAWAY COUNTY

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FISCAL YEAR ENDED DECEMBER 31, 2012
(Continued)**

NOTE E - MATCHING REQUIREMENTS

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

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

Pickaway County
200 South Court Street
Circleville, Ohio 43113

To the Board of County Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of Pickaway County, Ohio, (the County) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 16, 2013.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2012-001.

Purpose of this Report

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

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

Dave Yost
Auditor of State
Columbus, Ohio

December 16, 2013



Dave Yost • Auditor of State

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

Pickaway County
200 South Court Street
Circleville, Ohio 43113

To the Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Pickaway County, Ohio's (the County) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the County's major federal programs for the year ended December 31, 2012. The *Summary of Audit Results* in the accompanying schedule of findings identifies the County's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Pickaway County, Ohio complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2012.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which OMB Circular A-133 require us to report, described in the accompanying schedule of findings as items 2012-002 and 2012-003.

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These findings did not require us to modify our compliance opinion on each major federal program.

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

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency, described in the accompanying schedule of findings as item 2012-002.

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

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



Dave Yost
Auditor of State
Columbus, Ohio

December 16, 2013

PICKAWAY COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2012

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	Yes
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA #14.228 – Community Development Block Grant CFDA #20.205 – Highway Planning & Construction CFDA #93.558 – Temporary Assistance for Needy Families CFDA #93.563 – Child Support Enforcement CFDA #93.667 – Social Service Block Grant
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

PICKAWAY COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2012
(Continued)

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

FINDING NUMBER 2012-001

Finding for Recovery – Public Monies Misappropriated

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a “proper public purpose” rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only. Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper Public Purpose states that the Auditor of State’s Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect

The Pickaway County Treasurer’s Office is responsible for collecting property tax payments, which can be made in person, through the mail, or by credit card. The office is staffed with cashiers who accept and process payments and apply the payments towards the tax liabilities of various parcels of property.

The software application used by the Treasurer’s Office generates notices for parcels with unpaid and delinquent balances, but also allows for certain parcels to be placed in a hold status; for those parcels in hold status, no such notices are generated. Generally those taxpayers have made arrangements for payment plans or other arrangements.

Between January 2011 and July 2012 Gale Fouch, a former cashier, was engaged in a pattern of lapping, whereby she would misappropriate cash from certain taxpayers and then apply payments from subsequent other taxpayers’ payments to the original parcels. To conceal these misappropriations of funds she would often place parcels in hold status. Due to this pattern, delinquent notices were not generated and mailed, which would have alerted taxpayers who had already paid their tax liability that there was an outstanding balance due.

During the timeframe the fraud was committed there were not sufficient monitoring controls in place to allow management or others to mitigate the chance that fraud was occurring, such as standard periodic review of system-generated reports of parcels in hold status or other such procedures.

In August 2012 Ms. Fouch confessed, terminated from her position and was convicted of misappropriating taxpayer payments; restitution was subsequently set at \$12,000, based upon County Treasurer Ellery Ellick’s best estimate of missing funds at that time. That amount has been repaid to the County; however it was not sufficient restitution to fully repay the outstanding balances owed to the taxpayers. Our audit procedures revealed total missing funds of \$27,640, a difference of \$15,640.

In accordance with the foregoing facts and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public monies misappropriated is hereby issued against Gale Fouch in the amount of \$15,640 and in favor of the Pickaway County Undivided General Tax Fund.

PICKAWAY COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2012
(Continued)

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

FINDING NUMBER 2012-001

Finding for Recovery – Public Monies Misappropriated (Continued)

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is strictly liable for the amount of the expenditure. Seward v. National Surety Corp. (1929), 120 Ohio St. 47; 1980 Op. Att’y Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex. Rel. Village of Linndale v. Masten (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Att’y Gen. No. 80-074.

Pickaway County Treasurer, Ellery Ellick was responsible for supervising the accounts from which Ms. Fouch misappropriated funds. Accordingly, Mr. Ellick and his bonding company, the Cincinnati Insurance Company, will be jointly and severally liable, in the amount of \$15,640 and in favor of the Pickaway County Undivided General Tax Fund.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Cash Management – 15 Day Rule
Material Non-Compliance/Significant Deficiency

Finding Number	2012-002
CFDA Title and Number	14.228 – Community Development Block Grant
Federal Award Number / Year	B-F-11-1CH-1/2011 B-C-11-1CH-1/2011
Federal Agency	United States Department of Housing and Urban Development
Pass-Through Agency	State of Ohio – Development Services Agency

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

PICKAWAY COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2012
(Continued)

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)
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Cash Management – 15 Day Rule
Material Non-Compliance/Significant Deficiency (Continued)

In 2012 the County did not disburse federal cash received from drawdown requests within the 15 day requirement for three of twenty-one of the Community Development Block Grant drawdowns it received, in the amounts of \$15,000, \$21,976, and \$14,760; these funds were held 26, 19, and 26 days respectively.

The County has controls in place over the collection of receipts and payment of expenditures; however these controls did not prevent non-compliance.

Although the County held the monies for more than the allowable 15 day period, funds were deposited in a non-interest bearing account.

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

Filing of Single Audit
Material Non-Compliance

Finding Number	2012-003
CFDA Title and Number	14.228 – Community Development Block Grant 20.205 – Highway Planning & Construction 93.558 – Temporary Assistance for Needy Families 93.563 – Child Support enforcement 93.667 – Social Service Block Grant
Federal Award Number / Year	B-F-11-1CH-1/2011 B-C-11-1CH-1/2011 31-6400-083
Federal Agency	U.S. Department of Housing and Urban Development U.S. Department of Transportation U.S. Department of Health & Human Services
Pass-Through Agency	Ohio Development Services Agency Ohio Department of Transportation Ohio Department of Job & Family Services Ohio Department of Developmental Disabilities

PICKAWAY COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2012

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

Filing of Single Audit
Material Non-Compliance (Continued)

OMB Circular A-133 Subpart B § __.200(a) states that Non-Federal entities that expend \$500,000 or more in Federal awards in a fiscal year shall have a single audit conducted for that year in accordance with the provisions of this part. Guidance on determining Federal awards expended is provided in §__.205. OMB Circular A-133 Subpart B § __.200 (b) requires Non-Federal entities that expend \$500,000 or more in a fiscal year in Federal awards shall have a single audit conducted in accordance with §__.500 except when they elect to have a program-specific audit. OMB Circular A-133 § .320(a) requires such report to be filed with the Federal Audit Clearing House within nine months after the end of the audit period.

The County expended \$3,899,541 of federal awards in 2012 but the related Single Audit report filing will not be completed until after the required filing deadline explained above. This condition affected all federal programs.

Without filing the required reports with the Federal Audit Clearinghouse in a timely manner the County will not meet the criteria for a low-risk auditee status under OMB Circular A-133§ .530; this typically results in auditors being required to audit more federal programs at the County, and could affect the County's future federal funding status.

We recommend the County ensure its Single Audit report is timely filed, within nine months after the end of the audit period.

PICKAWAY COUNTY

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
DECEMBER 31, 2012**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2012-001	The Treasurer's Office implemented some additional safeguards thru the RECO cashing system and additional enhanced reports thru the County's software support system Tyler Technologies. In addition, stricter internal cash controls were implemented by the office as preventative measures.	12/31/13	Ellery Ellick, County Treasurer
2012-002	The Pickaway County Commissioners are attempting to correct this finding with a plan that includes advances and reimbursements between the general fund and the CDBG fund in an effort to not only avoid these failures, but also pay our vendors in a more expedient manner.	12/31/13	Brad Lutz, County Administrator
2012-003	The County's 2012 single audit was not filed with the Single Audit Clearinghouse until after the deadline. The audit was not completed timely, partially due to procedures performed by our auditors related to the circumstances described in Finding 2012-001. We believe a timely filing will be made with the Federal Audit Clearinghouse for the County's 2013 audit.	6/30/14	Melissa Betz, County Auditor

PICKAWAY COUNTY
SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
DECEMBER 31, 2012

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2011-001	Financial Reporting – Material Weakness – we proposed 12 financial statement adjustments and reclassifications.	No	Partially Corrected – Reissued in the Management Letter.
2011-002	Internal Controls – Treasurer’s Office – Controls did not mitigate possible fraud.	No	Partially Corrected – Reissued as Finding 2012-001
2011-003	Cash Management – CDBG Grant – County did not timely expend grant drawdowns to a balance of less than \$5,000 within 15 days in two of nine instances.	No	Reissued as Finding 2012-002

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FINANCIAL CONDITION

PICKAWAY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
DECEMBER 26, 2013