



*VINTON COUNTY, OHIO*

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**SINGLE AUDIT**

**For the Year Ended December 31, 2012**

**J.L. UHRIG**  
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS







# Dave Yost • Auditor of State

Board of County Commissioners  
Vinton County  
100 Main Street  
McArthur, Ohio 45651

We have reviewed the *Independent Auditor's Report* of Vinton County, prepared by J.L. Uhrig and Associates, Inc., for the audit period January 1, 2012 through December 31, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost  
Auditor of State

July 16, 2013

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**For the Year Ended December 31, 2012**

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## Independent Auditor's Report

Board of Commissioners  
Vinton County, Ohio  
100 East Main Street  
McArthur, OH 45651

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Vinton County, Ohio, (the County) as of and for the year ended December 31, 2012, and 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 the preparation and fair presentation of these financial statements in accordance with cash basis accounting as described in Note 2; this includes determining that the cash basis of accounting is acceptable for the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County as of December 31, 2012, and the respective changes in cash financial position and the respective budgetary comparisons for the General Fund, Board of Developmental Disabilities Fund, Motor Vehicle Gasoline Tax Fund, Real Estate Assessment Fund, and Job and Family Services Fund and thereof for the year then ended in conformity with the accounting basis Note 2 describes.

***Accounting Basis***

Ohio Administrative Code Section 117-2-03(B) requires the County to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis applied to these statements, which is a basis other than generally accepted accounting principles. We did not modify our opinion regarding this matter.

***Emphasis of Matter***

As described in Note 16, during 2012 the County adopted Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Our opinion is not modified with respect to this matter.

***Other Matters***

***Supplemental and Other Information***

Our audit was conducted for the purpose of forming opinions on the County's basic financial statements taken as a whole. Management's Discussion and Analysis includes tables of net position, changes in net position, cost of program services, and long-term debt. The schedule of expenditures of federal awards is required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. These tables and the schedule of expenditures of federal awards provide additional analysis and are not a required part of the basic financial statements.

These tables and the schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the tables and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in the Management's Discussion and Analysis, and we express no opinion or any other assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated June 12, 2013 on our consideration of the Vinton County, Ohio'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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not provide an opinion on internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Vinton County, Ohio's internal control over financial reporting and compliance.

*J. L. Uhrig and Associates, Inc.*

J. L. UHRIG AND ASSOCIATES, INC.  
Chillicothe, OH

June 12, 2013

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

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As management of Vinton County (the County), we offer readers this narrative overview and analysis of the financial activities of the County as a whole for the year ended December 31, 2012. We encourage readers to consider the information presented here in conjunction with the basic financial statements and the notes to the basic financial statements to enhance their understanding of the County's financial performance.

### **Financial Highlights**

Key financial highlights for 2012 are as follows:

- Net position of governmental activities increased \$322,425.
- General cash receipts accounted for \$4,630,551 in receipts or 26 percent of all cash receipts. Program specific cash receipts in the form of charges for services, grants and contributions accounted for \$13,493,880 or 74 percent of total cash receipts of \$18,124,431.
- The County had \$17,802,006 in cash disbursements related to governmental activities; \$13,493,880 of these cash disbursements were offset by program specific charges for services, grants and contributions. General cash receipts (primarily grants, entitlements, and property taxes) of \$4,630,551 were adequate to provide for these programs.

### **Using the Basic Financial Statements**

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

### **Report Components**

The *Statement of Net Position-Cash Basis* and *Statement of Activities-Cash Basis* provide information about the activities of the whole County, presenting an aggregate view of the County's cash basis finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed and what remains for future spending on a cash basis. The fund financial statements also look at the County's most significant funds with all other non-major funds presented in total in one column. In the case of Vinton County, the General Fund, Board of Developmental Disabilities Fund, Motor Vehicle Gasoline Tax Fund, Real Estate Assessment, and the Job and Family Services Fund are the most significant funds and have been presented as major funds.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the County as a way to segregate money whose use is restricted to a particular specific purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the basic financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the basic financial statements.

### **Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The County has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America. Under the County's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

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

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As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

### **Reporting the County as a Whole**

#### ***Statement of Net Position and Statement of Activities***

The statement of net position-cash basis and the statement of activities-cash basis reflect how the County did financially during 2012, within the limitations of the cash basis of accounting. The statement of net position presents the cash balances and investments of the governmental activities of the County at year end. The statement of activities-cash basis compares cash disbursements with program cash receipts for each governmental program. Program cash receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General cash receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the County's general receipts.

These statements report the County's cash position and the changes in cash position. Keeping in mind the limitations of cash basis accounting, you can think of these changes as one way to measure the County's financial health. Over time, increases or decreases in the County's cash position is one indicator of whether the County's financial health is improving or deteriorating. When evaluating the County's financial condition, you should also consider other non-financial factors as well as such as the County's property tax base, the condition of the County's capital assets and infrastructure, the extent of the County's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the statement of net position-cash basis and the statement of activities-cash basis, the County has one type of activity; governmental.

### **Reporting the County's Most Significant Funds**

#### **Fund Financial Statements**

Fund financial statements provide detailed information about the County's major funds – not the County as a whole. 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 Fund, the Board of Developmental Disabilities Fund, the Real Estate Assessment Fund, the Job and Family Services Fund and the Motor Vehicle Gasoline Tax Fund.

*Governmental Funds:* Most of the County's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end available for spending in future periods. These funds are reported using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The governmental fund statements provide a detailed short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer cash basis financial resources that can be spent in the near future to finance various County programs. Since the County is reporting on the cash basis of accounting, there are no differences in the net position and fund cash balances or changes in net position and changes in fund cash balances. Therefore, no reconciliation is necessary between such financial statements. However, differences will be apparent when comparing gross cash receipts and cash disbursements on the fund financial statements to the statement of activities due to transfers and advances netted on the statement of activities. See Note 2 to the basic financial statements.

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

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*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. The County's only fiduciary funds are agency funds and a private purpose trust fund.

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

**The County as a Whole**

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 as compared to 2011:

Table 1  
 Net Position – Cash Basis  
 Governmental Activities

	2012	2011
<i>Assets</i>		
Equity in Pooled Cash and Cash Equivalents	\$4,422,708	\$4,100,283
<i>Total Assets</i>	4,422,708	4,100,283
 <i>Net Position</i>		
Restricted	3,766,556	3,727,465
Unrestricted	656,152	372,818
<i>Total Net Position</i>	\$4,422,708	\$4,100,283

The increase in Equity in Pooled Cash and Cash Equivalents is primarily due to the reasons described on page 9.

**Vinton County**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2012*  
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Table 2 shows the highlights of the County's cash receipts and cash disbursements. These two main components are subtracted to yield the change in net position.

Cash receipts are further divided into two major components: program cash receipts and general cash receipts. Program cash receipts are defined as charges for services, capital and operating grants, and contributions. General cash receipts include property and sales taxes, unrestricted grants, interest, issuance of loans and notes, payments in lieu of taxes, and miscellaneous receipts.

Table 2  
Change in Net Position – Cash Basis  
Governmental Activities

	2012	2011*
<i>Cash Receipts</i>		
<i>Program Cash Receipts:</i>		
Charges for Services	\$2,237,859	\$2,179,633
Operating Grants and Contributions	11,105,803	9,400,229
Capital Grants and Contributions	150,218	75,563
<i>Total Program Cash Receipts</i>	<u>13,493,880</u>	<u>11,655,425</u>
<i>General Cash Receipts:</i>		
Property Taxes	1,655,879	1,874,169
Sales Taxes	1,119,893	931,713
Unrestricted Grants and Entitlements	368,379	340,045
Interest	31,309	27,572
Issuance of Notes	174,611	850,498
Payments in Lieu of Taxes	276,354	293,166
Miscellaneous	1,004,126	1,076,102
<i>Total General Cash Receipts</i>	<u>4,630,551</u>	<u>5,393,265</u>
<i>Total Cash Receipts</i>	<u>18,124,431</u>	<u>17,048,690</u>
<i>Cash Disbursements</i>		
<i>Program Cash Disbursements:</i>		
General Government:		
Legislative and Executive	2,095,138	2,002,239
Judicial	713,349	646,991
Public Safety	1,103,941	1,309,742
Public Works	3,554,993	3,434,237
Health	1,988,132	1,851,637
Human Services	4,838,407	4,937,846
Conservation and Recreation	18,111	18,606
Community and Economic Development	1,815,130	1,789,489
Other	154,991	123,165
Capital Outlay	383,268	356,047
Debt Service:		
Principal Retirement	1,016,305	96,686
Interest and Fiscal Charges	120,241	101,649
<i>Total Cash Disbursements</i>	<u>17,802,006</u>	<u>16,668,334</u>
<i>Change in Net Position</i>	322,425	380,356
<i>Net Position – Beginning of Year</i>	4,100,283	3,719,927
<i>Net Position – End of Year</i>	<u>\$4,422,708</u>	<u>\$4,100,283</u>

\*Prior year amounts have been restated for comparison purposes.

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

Net position increased \$322,425 in governmental activities in 2012 as a result of a increase in receipts. Program cash receipts were composed of charges for services and operating and capital grants and contributions which were \$13,493,880. Operating grants and contributions increased primarily as a result of an increase in monies received for the Zaleski Sewer program. Disbursements for human services increased as a direct result of increases in funding for the Job and Family Services program. Property taxes decreased due to a decrease in tax receipts in the CHIS, McArthur Sewer, and Micro Funds. Sales taxes increased primarily due to a new McDonald's restaurant opening within the County. The decrease in issuance of notes and the increase in principal retirements are due to the payoff of the short-term obligations detailed in note 15. Public safety decreased primarily due to a decrease in the Vinton county drug court, and Job and Family Service Deputy funds, which was partially offset by an increase in the insurance reimbursement fund. Public Works increased due to increased expenditures within the Motor Vehicle and Gas Tax program.

**Governmental Activities**

Operating grants and contributions made up 61 percent of cash receipts for governmental activities of the County for 2012. Property tax receipts made up 9 percent of the total cash receipts for governmental activities for a total of 70 percent of all cash receipts coming from property taxes and operating grants and contributions.

Human services comprise 27 percent of governmental program cash disbursements.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. In Table 3, the total cost of service column contains all costs related to the programs and the net cost column shows how much of the total amount is not covered by program cash receipts. Net costs are costs that must be covered by unrestricted State aid or local taxes. The difference in these two columns would represent charges for services and restricted grants, fees, and donations.

Table 3  
 Total Cost of Program Services – Cash Basis  
 Governmental Activities

	2012		2011	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
General Government:				
Legislative and Executive	\$2,095,138	\$1,304,604	\$2,002,239	\$1,178,650
Judicial	713,349	314,572	646,991	343,741
Public Safety	1,103,941	465,065	1,309,742	604,582
Public Works	3,554,993	298,540	3,434,237	731,866
Health	1,988,132	180,950	1,851,637	419,596
Human Services	4,838,407	476,899	4,937,846	1,164,805
Conservation and Recreation	18,111	1,521	18,606	4,113
Community and Economic Development	1,815,130	152,431	1,789,489	395,600
Other	154,991	(113,607)	123,165	90,829
Capital Outlay	383,268	233,050	356,047	72,952
Debt Service:				
Principal Retirement	1,016,305	943,821	96,686	96,686
Interest and Fiscal Charges	120,241	50,280	101,649	101,649
<b>Total Cash Disbursements</b>	<b>\$17,802,006</b>	<b>\$4,308,126</b>	<b>\$16,668,334</b>	<b>\$5,205,069</b>

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

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***The County's Funds***

The County's major funds are accounted for using the cash basis of accounting. All governmental funds had total cash receipts and other financing sources of \$18,702,768 and cash disbursements and other financing uses of \$18,380,343. The net change in fund balance for the year was most significant in the General Fund, which went from \$372,818 in 2011 to \$656,152 for 2012. Cash receipts exceeded cash disbursements in the amount of \$283,334, which resulted from receipts exceeding disbursements.

Board of Developmental Disabilities Fund cash receipts exceeded cash disbursements by \$170,344. Motor Vehicle Gasoline Tax Fund cash disbursements exceeded cash receipts by \$145,962. Job and Family Services Fund cash disbursements exceeded cash receipts by \$76,203. Real Estate Assessment Fund cash receipts exceeded cash disbursements by \$65,093.

***General Fund Budgeting Highlights***

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

For the General Fund, final budgeted revenue increased \$69,068 from original budgeted revenue, while actual receipts increased \$364,473 from final budgeted revenue. The increases are due primarily to higher than expected taxes. Actual disbursements were under final appropriations by \$67,158. Final appropriations were above original appropriations by \$69,058 due primarily to estimates for transfers out.

The County's ending unobligated General Fund cash balance was \$492,678.

***Capital Assets and Debt Administration***

**Capital Assets**

The County does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements. The County had capital outlay disbursements of \$383,268 during 2012.

**Debt**

Under the cash basis of accounting the County does not report bonds in the accompanying cash basis financial statements. However, in order to provide information to the readers of this report, we are providing the following detailed information the County's long-term obligations. At December 31, 2012, the County had \$1,939,590 in bonds and loans for governmental activities with \$114,870 due within one year. Please see Note 10 for additional information regarding the County's debt. Table 4 summarizes long-term debt outstanding:

Table 4  
 Outstanding Debt as of December 31  
 Governmental Activities

	2012	2011
County Courthouse Elevator	\$121,941	\$133,559
Juvenile Training District	95,526	104,224
County Job and Family Services Building	1,480,815	1,545,263
OWDA Loan	3,550	7,100
HVAC Project Promissory Note	108,351	-
Auditor/Treasurer Computer Equipment	64,407	73,640
Community and Economic Development Building	65,000	67,000
Totals	\$1,939,590	\$1,930,786

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

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The Ohio Revised Code provides that the net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed one percent of the total assessed valuation of the County.

The Code further provides that the total voted and unvoted net debt of the County less the same exempt debt, shall never exceed a sum equal to three percent of the first \$100,000,000, of the assessed valuation, plus one and one-half percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus two and one-half percent of such valuation in excess of \$300,000,000.

At December 31, 2012, the County's overall legal debt margin was \$2,466,181 with an unvoted debt margin of \$1,937,180. The debt is well within permissible limits.

**Contacting the County's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Cindy Owings Waugh, County Auditor at Vinton County, 100 Main Street, McArthur, Ohio 45651, or telephone at (740)596-4571 (Extension 231).

**Vinton County**  
*Statement of Net Position - Cash Basis*  
 December 31, 2012

	<u>Primary Government</u>
	<u>Governmental Activities</u>
<b>ASSETS:</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 4,422,708
<i>Total Assets</i>	4,422,708
<b>NET POSITION:</b>	
Restricted for:	
Debt Service	670
Capital Projects	167,893
Job and Family Services	8,661
Motor Vehicle Gasoline Tax	1,350,966
Department of Developmental Disabilities	512,342
Other Purposes	982,485
Housing Contractual	131,687
EMS Levy	133,786
Residential	31,838
Real Estate Assessment	446,228
Unrestricted	656,152
<i>Total Net Position</i>	\$ 4,422,708

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

**Vinton County**  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2012*

	Program Cash Receipts				Net Disbursements and Changes in Net Position
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government  Total
<b>Governmental Activities:</b>					
<b>General Government:</b>					
Legislative and Executive	\$ 2,095,138	\$ 465,927	\$ 324,607	\$ -	\$ (1,304,604)
Judicial	713,349	129,218	269,559	-	(314,572)
Public Safety	1,103,941	195,034	443,842	-	(465,065)
Public Works	3,554,993	355,895	2,900,558	-	(298,540)
Health	1,988,132	202,210	1,604,972	-	(180,950)
Human Services	4,838,407	500,400	3,861,108	-	(476,899)
Conservation and Recreation	18,111	1,813	14,777	-	(1,521)
Community and Economic Development	1,815,130	181,715	1,480,984	-	(152,431)
Other	154,991	63,202	205,396	-	113,607
Capital Outlay	383,268	-	-	150,218	(233,050)
<b>Debt Service:</b>					
Principal Retirement	1,016,305	72,484	-	-	(943,821)
Interest and Fiscal Charges	120,241	69,961	-	-	(50,280)
<i>Total Governmental Activities</i>	<u>\$ 17,802,006</u>	<u>\$ 2,237,859</u>	<u>\$ 11,105,803</u>	<u>\$ 150,218</u>	<u>(4,308,126)</u>
<b>General Cash Receipts</b>					
<b>Property Taxes Levied for:</b>					
General Purposes					725,312
MRDD					300,062
Special Purposes					630,505
Sales Taxes Levied for General Purposes					1,119,893
<b>Grants and Entitlements Not</b>					
Restricted to Specific Programs					368,379
Issuance of Notes					174,611
Payments in Lieu of Taxes					276,354
Miscellaneous					1,004,126
Interest					31,309
<i>Total General Cash Receipts</i>					<u>4,630,551</u>
<i>Change in Net Position</i>					322,425
<i>Net Position Beginning of Year</i>					<u>4,100,283</u>
<i>Net Position End of Year</i>					<u>\$ 4,422,708</u>

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

**Vinton County**  
*Statement of Cash Basis Assets and Fund Balances and  
Cash Receipts, Cash Disbursements and Changes in Cash Basis Fund Balances - Governmental Funds - Cash Basis  
As of and For the Year Ended December 31, 2012*

	General	Board of Developmental Disabilities	Motor Vehicle Gasoline Tax	Real Estate Assessment	Job and Family Services	All Other Governmental Funds	Total Governmental Funds
<b>CASH RECEIPTS:</b>							
Taxes	\$ 1,845,205	\$ 300,062	\$ -	\$ -	\$ -	\$ 630,505	\$ 2,775,772
Charges for Services	596,792	-	386,805	196,566	-	865,407	2,045,570
Licenses and Permits	37,960	-	-	-	-	-	37,960
Fines and Forfeitures	104,988	-	11,836	-	-	37,505	154,329
Intergovernmental	349,400	758,644	3,171,716	-	3,578,998	3,765,642	11,624,400
Interest	29,612	62	1,494	-	-	141	31,309
Payments in Lieu of Taxes	276,354	-	-	-	-	-	276,354
Other	175,848	23,131	74,232	-	286,569	444,346	1,004,126
<i>Total Cash Receipts</i>	<u>3,416,159</u>	<u>1,081,899</u>	<u>3,646,083</u>	<u>196,566</u>	<u>3,865,567</u>	<u>5,743,546</u>	<u>17,949,820</u>
<b>CASH DISBURSEMENTS:</b>							
General Government:							
Legislative and Executive	1,737,915	-	-	131,473	-	225,750	2,095,138
Judicial	392,138	-	-	-	-	321,211	713,349
Public Safety	573,360	-	-	-	-	530,581	1,103,941
Public Works	-	-	3,543,002	-	-	11,991	3,554,993
Health	21,543	911,555	-	-	-	1,055,034	1,988,132
Human Services	108,681	-	-	-	4,037,729	691,997	4,838,407
Conservation and Recreation	-	-	-	-	-	18,111	18,111
Community and Economic Development	-	-	-	-	-	1,815,130	1,815,130
Other	154,991	-	-	-	-	-	154,991
Capital Outlay	-	-	187,738	-	-	195,530	383,268
Debt Service:							
Principal Retirement	-	-	-	-	-	1,016,305	1,016,305
Interest and Fiscal Charges	-	-	-	-	-	120,241	120,241
<i>Total Cash Disbursements</i>	<u>2,988,628</u>	<u>911,555</u>	<u>3,730,740</u>	<u>131,473</u>	<u>4,037,729</u>	<u>6,001,881</u>	<u>17,802,006</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>427,531</u>	<u>170,344</u>	<u>(84,657)</u>	<u>65,093</u>	<u>(172,162)</u>	<u>(258,335)</u>	<u>147,814</u>
<b>OTHER FINANCING SOURCES (USES):</b>							
Transfers In	-	-	-	-	95,959	245,073	341,032
Advances In	29,684	-	-	-	-	207,621	237,305
Issuance of Notes	31,353	-	-	-	-	143,258	174,611
Transfers Out	(201,610)	-	(61,305)	-	-	(78,117)	(341,032)
Advances Out	(3,624)	-	-	-	-	(233,681)	(237,305)
<i>Total Other Financing Sources (Uses)</i>	<u>(144,197)</u>	<u>-</u>	<u>(61,305)</u>	<u>-</u>	<u>95,959</u>	<u>284,154</u>	<u>174,611</u>
<i>Net Change in Fund Cash Balances</i>	<u>283,334</u>	<u>170,344</u>	<u>(145,962)</u>	<u>65,093</u>	<u>(76,203)</u>	<u>25,819</u>	<u>322,425</u>
<i>Cash Basis Fund Balances at Beginning of Year</i>	<u>372,818</u>	<u>341,998</u>	<u>1,496,928</u>	<u>381,135</u>	<u>84,864</u>	<u>1,422,540</u>	<u>4,100,283</u>
<i>Cash Basis Fund Balances at End of Year</i>	<u>\$ 656,152</u>	<u>\$ 512,342</u>	<u>\$ 1,350,966</u>	<u>\$ 446,228</u>	<u>\$ 8,661</u>	<u>\$ 1,448,359</u>	<u>\$ 4,422,708</u>
<b>CASH BASIS ASSETS AT END OF YEAR:</b>							
Equity in Pooled Cash and Cash Equivalents	\$ 656,152	\$ 512,342	\$ 1,350,966	\$ 446,228	\$ 8,661	\$ 1,448,359	\$ 4,422,708
<i>Total Assets</i>	<u>\$ 656,152</u>	<u>\$ 512,342</u>	<u>\$ 1,350,966</u>	<u>\$ 446,228</u>	<u>\$ 8,661</u>	<u>\$ 1,448,359</u>	<u>\$ 4,422,708</u>
<b>CASH FUND BALANCES AT YEAR END:</b>							
Nonspendable	\$ 83,428	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 83,428
Restricted	-	512,342	1,350,966	446,228	8,661	1,448,359	3,766,556
Assigned	75,152	-	-	-	-	-	75,152
Unassigned	497,572	-	-	-	-	-	497,572
<i>Total Cash Basis Fund Balances</i>	<u>\$ 656,152</u>	<u>\$ 512,342</u>	<u>\$ 1,350,966</u>	<u>\$ 446,228</u>	<u>\$ 8,661</u>	<u>\$ 1,448,359</u>	<u>\$ 4,422,708</u>

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

**Vinton County**  
*Statement of Receipts, Disbursements, And Changes*  
*in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)*  
*General Fund*  
*For the Year Ended December 31, 2012*

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS:</b>				
Taxes	\$ 1,591,132	\$ 1,630,709	\$ 1,839,556	\$ 208,847
Charges for Services	363,676	372,722	420,457	47,735
Licenses and Permits	32,834	33,650	37,960	4,310
Fines and Forfeitures	90,810	93,069	104,988	11,919
Intergovernmental	266,108	272,728	307,656	34,928
Interest	25,613	26,250	29,612	3,362
Payments in Lieu of Taxes	239,034	244,979	276,354	31,375
Other	167,584	171,752	193,749	21,997
<i>Total Receipts</i>	<u>2,776,791</u>	<u>2,845,859</u>	<u>3,210,332</u>	<u>364,473</u>
<b>DISBURSEMENTS:</b>				
<b>Current:</b>				
<b>General Government:</b>				
Legislative and Executive	1,714,236	1,712,395	1,682,227	30,168
Judicial	218,111	225,288	218,093	7,195
Public Safety	684,222	588,109	573,360	14,749
Health	21,543	21,543	21,543	-
Human Services	68,123	114,830	108,681	6,149
Other	202,441	163,888	154,991	8,897
<i>Total Disbursements</i>	<u>2,908,676</u>	<u>2,826,053</u>	<u>2,758,895</u>	<u>67,158</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(131,885)</u>	<u>19,806</u>	<u>451,437</u>	<u>431,631</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Issuance of Notes	-	-	31,353	31,353
Advances In	-	-	29,684	29,684
Transfers Out	(53,553)	(201,610)	(201,610)	-
Advances Out	-	(3,624)	(3,624)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(53,553)</u>	<u>(205,234)</u>	<u>(144,197)</u>	<u>61,037</u>
<i>Net Change in Fund Balance</i>	(185,438)	(185,428)	307,240	492,668
<i>Fund Balance at Beginning of Year</i>	185,438	185,438	185,438	-
<i>Fund Balance at End of Year</i>	<u>\$ -</u>	<u>\$ 10</u>	<u>\$ 492,678</u>	<u>\$ 492,668</u>

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

**Vinton County**  
*Statement of Receipts, Disbursements, And Changes*  
*in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)*  
*Board of Developmental Disabilities Fund*  
*For the Year Ended December 31, 2012*

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS:</b>				
Taxes	\$ 175,631	\$ 175,642	\$ 300,062	\$ 124,420
Intergovernmental	444,047	444,075	758,644	314,569
Interest	36	36	62	26
Other	13,539	13,540	23,131	9,591
<i>Total Receipts</i>	<u>633,253</u>	<u>633,293</u>	<u>1,081,899</u>	<u>448,606</u>
<b>DISBURSEMENTS:</b>				
Current:				
Health	941,682	911,555	911,555	-
<i>Total Disbursements</i>	<u>941,682</u>	<u>911,555</u>	<u>911,555</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(308,429)	(278,262)	170,344	448,606
<i>Fund Balance at Beginning of Year</i>	<u>341,998</u>	<u>341,998</u>	<u>341,998</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ 33,569</u>	<u>\$ 63,736</u>	<u>\$ 512,342</u>	<u>\$ 448,606</u>

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

**Vinton County**  
*Statement of Receipts, Disbursements, And Changes*  
*in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)*  
*Motor Vehicle Gasoline Tax Fund*  
*For the Year Ended December 31, 2012*

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS:</b>				
Charges for Services	\$ 254,684	\$ 299,451	\$ 386,805	\$ 87,354
Fines and Forfeitures	7,793	9,163	11,836	2,673
Intergovernmental	2,088,354	2,643,174	3,171,716	528,542
Interest	984	1,157	1,494	337
Other	48,877	57,468	74,232	16,764
<i>Total Receipts</i>	<u>2,400,692</u>	<u>3,010,413</u>	<u>3,646,083</u>	<u>635,670</u>
<b>DISBURSEMENTS:</b>				
Current:				
Public Works	3,397,000	3,757,678	3,543,002	214,676
Capital Outlay	-	187,738	187,738	-
<i>Total Disbursements</i>	<u>3,397,000</u>	<u>3,945,416</u>	<u>3,730,740</u>	<u>214,676</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>(996,308)</u>	<u>(935,003)</u>	<u>(84,657)</u>	<u>850,346</u>
<b>OTHER FINANCING USES:</b>				
Transfers Out	-	(61,305)	(61,305)	-
<i>Total Other Financing Uses</i>	<u>-</u>	<u>(61,305)</u>	<u>(61,305)</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(996,308)	(996,308)	(145,962)	850,346
<i>Fund Balance at Beginning of Year</i>	<u>1,496,928</u>	<u>1,496,928</u>	<u>1,496,928</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ 500,620</u>	<u>\$ 500,620</u>	<u>\$ 1,350,966</u>	<u>\$ 850,346</u>

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

**Vinton County**  
*Statement of Receipts, Disbursements, And Changes*  
*in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)*  
*Real Estate Assessment Fund*  
*For the Year Ended December 31, 2012*

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
RECEIPTS:				
Charges for Services	\$ -	\$ -	\$ 196,566	\$ 196,566
<i>Total Receipts</i>	-	-	196,566	196,566
DISBURSEMENTS:				
Current:				
Legislative and Executive	381,135	381,135	131,473	249,662
<i>Total Disbursements</i>	381,135	381,135	131,473	249,662
<i>Net Change in Fund Balance</i>	(381,135)	(381,135)	65,093	446,228
<i>Fund Balance at Beginning of Year</i>	381,135	381,135	381,135	-
<i>Fund Balance at End of Year</i>	\$ -	\$ -	\$ 446,228	\$ 446,228

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

**Vinton County**  
*Statement of Receipts, Disbursements, And Changes*  
*in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)*  
*Job and Family Services Fund*  
*For the Year Ended December 31, 2012*

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS:</b>				
Intergovernmental	\$ 3,254,179	3,660,152	\$ 3,578,998	\$ (81,154)
Other	260,561	293,067	286,569	(6,498)
<i>Total Receipts</i>	<u>3,514,740</u>	<u>3,953,219</u>	<u>3,865,567</u>	<u>(87,652)</u>
<b>DISBURSEMENTS:</b>				
Current:				
Human Services	3,599,250	4,037,729	4,037,729	-
<i>Total Disbursements</i>	<u>3,599,250</u>	<u>4,037,729</u>	<u>4,037,729</u>	<u>-</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>(84,510)</u>	<u>(84,510)</u>	<u>(172,162)</u>	<u>(87,652)</u>
<b>OTHER FINANCING SOURCES:</b>				
Transfers In	-	-	95,959	95,959
<i>Total Other Financing Sources</i>	<u>-</u>	<u>-</u>	<u>95,959</u>	<u>95,959</u>
<i>Net Change in Fund Balance</i>	(84,510)	(84,510)	(76,203)	8,307
<i>Fund Balance at Beginning of Year</i>	<u>84,864</u>	<u>84,864</u>	<u>84,864</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ 354</u>	<u>\$ 354</u>	<u>\$ 8,661</u>	<u>\$ 8,307</u>

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

**Vinton County**  
*Statement of Fiduciary Net Position*  
*Fiduciary Funds - Cash Basis*  
*As of December 31, 2012*

	Private Purpose Trust Fund	Agency Funds
<hr/>		
ASSETS:		
Equity in Pooled Cash and Cash Equivalents	\$ 15,189	\$ 1,843,201
Cash and Cash Equivalents in Segregated Accounts	-	143,567
	<hr/>	
<i>Total Assets</i>	<u>\$ 15,189</u>	<u>\$ 1,986,768</u>
NET POSITION:		
Unrestricted	\$ -	\$ 1,986,768
Held in Trust for Private Purposes	15,189	-
	<hr/>	
<i>Total Net Position</i>	<u>\$ 15,189</u>	<u>\$ 1,986,768</u>

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

**Vinton County**  
*Statement of Changes in Fiduciary Net Position*  
*Private Purpose Trust Fund - Cash Basis*  
*For the Year Ended December 31, 2012*

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	Sheppard-Dunkle Scholarship Trust
ADDITIONS:	
Interest	\$ 160
<i>Total Additions</i>	160
DEDUCTIONS:	
Scholarship's Awarded	500
<i>Decrease in Net Position</i>	(340)
<i>Net Position Beginning of Year</i>	15,529
<i>Net Position End of Year</i>	\$ 15,189

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

**Vinton County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2012*

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**NOTE 1 – DESCRIPTION OF THE COUNTY AND REPORTING ENTITY**

Vinton County, Ohio (the County), is governed by a board of three Commissioners elected by the voters of the County. Other officials elected by the voters of the County that manage various segments of the County's operations are the County Auditor, County Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, County Court Judge, Probate-Juvenile Court Judge, and 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 Vinton County, this includes the Vinton County Board of Developmental Disabilities, Vinton County Children Services Board, Family and Children First Council, 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:*** During 2012, Vinton Industries, Inc. became a privatized organization, no longer meeting the definition of a component unit. See Note 16 for additional information.

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

- Soil and Water Conservation District
- Vinton County Health District

**Vinton County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2012*

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**NOTE 1 – DESCRIPTION OF THE COUNTY AND REPORTING ENTITY** (Continued)

The County is involved with the following organizations that are defined as jointly governed organizations. Additional financial information concerning the jointly governed organizations is presented in Note 12.

- Gallia, Jackson, Meigs, and Vinton Joint Solid Waste Management District
- South Central Regional Juvenile Detention Center
- Buckeye Joint-County Self Insurance Council
- Ohio Government Risk Management Plan
- Alcohol, Drug Addiction and Mental Health Services Board of Athens, Hocking and Vinton Counties
- Vinton County Community Improvement Corporation
- Southern Ohio Council of Governments
- Corrections Commission of Southeastern Ohio

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

**A. Basis of Presentation**

The County uses the provisions of GASB 34 for financial reporting on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America, and GASB 38, for certain financial statement note disclosures. 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 that provide a more detailed level of financial information.

***Government-wide Financial Statements***

The statement of net position-cash basis presents the cash basis financial condition of the governmental activities of the County at year-end. The statement of activities-cash basis presents a comparison between direct cash disbursements and program cash receipts for each program or function of the County's governmental activities. These statements include the financial activities of the primary government, except for fiduciary funds. Direct cash disbursements are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program cash receipts include charges paid by the recipient of the goods or services offered by the program, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Cash receipts which are not classified as program cash receipts are presented as general cash receipts of the County. The comparison of direct cash disbursements with program cash receipts identifies the extent to which each governmental function is self-financing or draws from the general cash receipts of the County.

***Fund Financial Statements***

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

**Vinton County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2012*

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

**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. For financial statement presentation purposes, the various funds of the County are grouped into the following generic fund types under the broad fund categories governmental and fiduciary.

**Governmental Funds:** Governmental funds are those through which most governmental function of the County are financed. The acquisition, use and balances of the County's expendable financial resources and the related current liabilities are accounted for through governmental funds. The following are the County's major governmental funds:

*General Fund* The General Fund is the primary operating fund. It accounts for all financial resources of the primary government not accounted for and reported in another fund. The General Fund balance is available to the County for any purpose provided if it is expended or transferred according to the general laws of Ohio.

*Board of Developmental Disabilities Fund* This fund accounts for funding from various federal and state grants and a property tax levy used to provide assistance and training to developmentally disabled individuals.

*Motor Vehicle Gasoline Tax Fund* This fund accounts for state gasoline tax and motor vehicle registration fees for maintenance and improvement of County roads. The primary source of revenue for this fund is intergovernmental monies.

*Real Estate Assessment Fund* This fund accounts for state mandated county-wide real estate reappraisals that are funded by charges to the political subdivisions located within the County.

*Job and Family Services Fund* This fund accounts for funding from various federal and state grants used to provide job training and public assistance to qualified clients, to pay their medical assistance providers and for certain public social services. The primary source of revenue for this fund is intergovernmental monies.

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

**Fiduciary Funds:** Fiduciary fund reporting focuses on net 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. The two types of fiduciary funds the County use are agency funds and private purpose trust funds.

*Agency Funds* are custodial in nature (assets equal net position) and do not involve measurement of results of operations. The County's agency funds account for assets held by the County for political subdivisions in which the County acts as fiscal agent for taxes, state-levied shared revenues, fines and forfeitures collected and distributed to other political subdivisions and County department bank accounts held outside the County treasury.

*Private Purpose Trust Funds* These funds are used to account for assets held by the County under a trust agreement for individuals, private organizations, or other governments and are not available to support the County's own programs. The County received a bequeath in the amount of \$15,000 to remain intact with the interest earnings to be used to fund the Sheppard-Dunkle Fine Arts Scholarship.

**Vinton County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2012*

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

**C. Basis of Presentation**

Although required by Ohio Administrative Code Section 117-2-03 (B) to prepare its financial report in accordance with accounting principles generally accepted in the United States of America (GAAP), the County chooses to prepare its financial statements and notes in accordance with the cash basis of accounting. Receipts are recognized with received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

Budgetary presentations report budgetary disbursements when a commitment is made (i.e., when an encumbrance is approved). These statements include adequate disclosure of material matters, in accordance with the basis of accounting described above.

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

***Cash Receipts-Exchange and Non-exchange Transactions***

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

***Cash Disbursements***

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

**D. Budgetary Process**

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the certificate of estimated resources, 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 amounts that the County may appropriate. The appropriation resolution is the County's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the County. The legal level of control has been established by the County at the object level within each function of each fund.

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

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

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

**E. Cash and Cash Equivalents**

To improve cash management, all cash received by the County is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the County's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements. For 2012, interest receipts amounted to \$31,469, which \$29,612 was recorded in the General Fund, \$62 in the Board of Developmental Disabilities Special Revenue Fund, \$1,494 in the Motor Vehicle Gasoline Tax Major Special Revenue Fund, \$141 in all other governmental funds, and \$160 in the Private Purpose Trust Fund.

**F. Capital Assets**

Capital assets (fixed assets) acquired or constructed for the County are recorded as disbursements at the time of acquisition. However, under the cash basis of accounting, capital assets and the related depreciation are not reported separately on the basic financial statements.

**G. Compensated Absences**

Vacation and sick leave benefits are not accrued under the cash basis of accounting as previously described. All leave will either be absorbed by time off from work or, within certain limitations, paid to the employees.

**H. Long-Term Obligations**

In general, bonds are recorded as cash disbursements in the basic financial statements when paid and are not accrued as liabilities.

**I. Interfund Transactions**

Exchange transactions between funds are reported as cash receipts in the seller funds and as cash disbursements in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented on the financial statements. Interfund transfers between governmental activities are eliminated in the statement of activities. Flows of cash from one fund to another with a requirement for repayment are reported as advances in and out. Advances between governmental activities are eliminated in the statement of activities.

**J. Net Position**

Net position represents the cash basis assets held by the County at year end. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for grants. The County applies restricted resources when a cash disbursement is made for purposes for which both restricted and unrestricted net position is available.

Of the County's \$3,766,556 in restricted net position, none is restricted by enabling legislation.

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

**K. Fund Balance**

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

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

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

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

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

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

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

**NOTE 3 – DEPOSITS AND INVESTMENTS**

State statutes classify monies held by the County into two categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the County Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the County has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts, including, but not limited to, passbook accounts.

**Vinton County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2012*

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**NOTE 3 – DEPOSITS AND INVESTMENTS** (Continued)

State statute permits inactive monies to be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or other obligations of or securities issued by the United States treasury or any other obligation guaranteed as to the payment of principal and interest by the United States;
2. Bonds, notes, debentures, or other obligations of or securities issued by any federal government agency or instrumentality, including, but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, or the political subdivisions of Ohio, provided that such political subdivisions are located wholly or partly within the same county as the investing authority;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2), or cash, or both securities and cash, equal value for equal value;
9. High grade commercial paper in an amount not to exceed 5 percent of the County's total average portfolio;
10. Certain bankers' acceptances for a period not to exceed one hundred and eighty days and commercial paper notes for a period not to exceed two hundred and seventy days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time;
11. Under limited circumstances, corporate debt interests rated in any of the three highest rating classifications by at least two nationally recognized rating agencies;
12. Notes issued by corporations incorporated and operating within the United States, or by depository institutions doing business under any state or United States authority and operating within the United States. Such investments shall not exceed fifteen percent of the County's total average portfolio and meet other requirements; and

**Vinton County**  
*Notes to the Basic Financial Statements*  
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**NOTE 3 – DEPOSITS AND INVESTMENTS** (Continued)

13. A current unpaid or delinquent tax line of credit authorized under division (G) of section 135.341 of the Revised Code provided that all of the conditions for entering into such a line of credit under that division are satisfied.

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited.

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

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

***Deposits***

Custodial credit risk is the risk that, in the event of a bank failure, the County's deposits may not be returned. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the federal deposit insurance corporation (FDIC) or by any other agency or instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. The County's policy is to deposit money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

As of December 31, 2012, the County's bank balance of \$6,948,491 is either covered by FDIC or collateralized by the financial institutions' public entity deposit pools in the manner as described above.

**NOTE 4- BUDGETARY BASIS FUND BALANCES**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balances – Budget and Actual – Non-GAAP Budgetary Basis presented for the General Fund, Board of Developmental Disabilities Fund, Motor Vehicle Gasoline Tax Fund, Real Estate Assessment Fund, and Job and Family Services Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the cash basis are outstanding year end encumbrances which are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis) (and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (cash basis)). There were no outstanding encumbrances at year end. As part of the Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", certain funds that were previously reported as an agency are considered part of the General Fund on a cash basis. These include the Unclaimed Monies Fund, Certificate of Title Fund, Recorder's Equipment Fund, and Public Defender Fund. These funds were excluded from the budgetary presentation for the General Fund.

**Vinton County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2012*

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**NOTE 5 - PROPERTY TAXES**

Property taxes include amounts levied against all real and public utility 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. Real property taxes are payable annually or semiannually.

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

The assessed value for the taxes levied in 2012 was \$193,718,040 of which real property represented 83 percent (\$160,785,190) of the total and public utility property represented 17 percent (\$32,932,850) of the total. The full tax rate for all County operations for taxes collected in 2012 was \$14.75 per \$1,000 of assessed valuation.

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

**NOTE 6 - PERMISSIVE SALES AND USE TAX**

The County Commissioners, by resolution and vote of the people, imposed a one percent tax on certain retail sales made in the County. 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 State Auditor the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month. The State Auditor then has five days in which to draw the warrant payable to the County.

Proceeds of the tax are credited entirely to the General Fund. Sales and use tax cash receipts for 2012 amounted to \$1,119,893.

**Vinton County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2012*

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**NOTE 7 - RISK MANAGEMENT**

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2012, the County contracted with Buckeye Joint-County Self Insurance Council (a public entity shared risk pool, see note 12) for liability, auto, and crime insurance. The program has a \$0 to \$5,000 deductible per occurrence:

	<u>Aggregate</u>	<u>Ea. Occurrence</u>
General Liability	\$3,000,000	\$1,000,000
Public Officials Including		
Law Enforcement	3,000,000	1,000,000
Employee Benefits	3,000,000	1,000,000

In addition, the County maintains separate replacement cost insurance on buildings and contents in the amount of \$15,132,835.

Health insurance was provided by a private carrier, Medical Mutual for the year.

Workers' compensation benefits are provided through the State Bureau of Workers' Compensation. The County pays all elected officials' bonds by statute.

The County has not incurred significant changes in coverage from coverage in the prior year by major category of risk. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

**NOTE 8 - RETIREMENT SYSTEM**

**Ohio Public Employees Retirement System (OPERS)**

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

**Vinton County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2012*

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**NOTE 8 - RETIREMENT SYSTEM** (Continued)

- E. The Ohio Revised Code provides statutory authority for member and employer contributions. For 2012, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan.

The member contribution rates were 10.0%, 10.0%, and 10.0% for 2012, 2011, and 2010, respectively, for the County. Public safety and law enforcement members contributed at a rate of 11.5% and 12.1%, 11.0% and 11.6%, and 10.5% and 11.1%, respectively.

The employer contribution rates were 14.0%, 14.0%, and 14.0%, of covered payroll for 2012, 2011, and 2010, respectively, for the County. For both the law enforcement and public safety divisions, the employer contribution rates were 18.10%, 18.10%, and 17.87%, respectively.

The County's contributions to OPERS for the years ended December 31, 2012, 2011, and 2010 were \$979,665, \$1,027,371, and \$1,073,210, respectively, which were equal to the required contributions for those years.

**NOTE 9 - POSTEMPLOYMENT BENEFITS**

**Ohio Public Employees Retirement System (OPERS)**

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

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

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

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

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

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

Employer's contributions are expressed as a percentage of the covered payroll of active members. In 2012, the County contributed at 14.0% of covered payroll for local government employer units and 18.1% for public safety and law enforcement. The Ohio Revised Code currently limits the employer contribution rate not to exceed 14.0% of covered payroll for state and local employer units and 18.1% of covered payroll for law and public safety employer units. Active members do not make contributions to the OPEB Plan.

**Vinton County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2012*

**NOTE 9 - POSTEMPLOYMENT BENEFITS** (Continued)

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0% during calendar years 2012 and 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar years 2012 and 2011. For 2010, the employer contributions allocated to the health care plan from January 1 through February 28, 2010 and March 1 through December 31, 2010 were 5.5% and 5.0%, respectively. Effective January 1, 2013, the portion of employer contributions allocated to healthcare was lowered to 1 percent for both plans, as recommended by the OPERS Actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the healthcare benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

- C. The employer contributions that were used to fund post-employment benefits were \$279,890 for 2012, \$293,519 for 2011, and \$532,579 for 2010, which were equal to the required allocation for each year.
- D. Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

**NOTE 10 - LONG-TERM DEBT**

Under the cash basis of accounting, debt obligations are not reported as a liability in the accompanying basic financial statements. However, information regarding such changes in the County's long-term obligations during 2012 is as follows:

Types/Issues	Outstanding At 12/31/11	Increases	Decreases	Outstanding At 12/31/12	Due in One Year
2000 - 5.75 % County Courthouse Elevator Project General Obligation Bonds	\$ 133,559	\$ -	\$ (11,618)	\$ 121,941	\$ 12,296
2001 - 5.50% Juvenile Training District General Obligation Bonds	104,224	-	(8,698)	95,526	9,183
2002 - 5.1% County Job & Family Services Building General Obligation Bonds	1,545,263	-	(64,448)	1,480,815	67,776
2002 - 0% OWDA Loan	7,100	-	(3,550)	3,550	3,550
2012 -3.52% HVAC Project Promissory Note	-	119,268	(10,917)	108,351	10,426
2012 - OWDA ARRA Forgiveness Loan	-	55,343	(55,343)	-	-
2007 - 4.125% Community & Economic Development Building General Obligation Bonds	67,000	-	(2,000)	65,000	2,000
2009 - 4.25% Auditor/Treasurer Computer Equipment General Obligation Note	73,640	-	(9,233)	64,407	9,639
<b>Total</b>	<b>\$ 1,930,786</b>	<b>\$ 174,611</b>	<b>\$ (165,807)</b>	<b>\$ 1,939,590</b>	<b>\$ 114,870</b>

**Vinton County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2012*

**NOTE 10 - LONG-TERM DEBT** (Continued)

The County issued General Obligation Bonds in 2000 in the amount of \$225,000 for building improvements which included the construction of an elevator in the County Courthouse.

The County issued General Obligation Bonds in 2001 in the amount of \$172,951 for their share of the construction costs of the South Central Ohio Regional Detention Training and Rehabilitation District.

The County issued General Obligation Bonds in 2002 in the amount of \$2,000,000 for the Job & Family Services building.

The County issued an OWDA loan in 2002 in the amount of \$42,600 for the community development septic system replacement project.

The County issued General Obligation Bonds in 2007 in the amount of \$75,000 for the Community & Economic Development building.

The County issued a loan in 2009 in the amount of \$100,185 for a new computer operating system for the Auditor and Treasurer.

The County issued a loan in 2012 in the amount of \$119,268 for the Vinton County Courthouse HVAC project. This loan is to be repaid through the Courthouse HVAC Debt Service Fund.

The debt service on the General Obligation Bond issues is payable from the Debt Service Funds. The debt service on the outstanding OWDA loan is payable from the Community Development Fund. The debt service on the computer operating system is payable from the Auditor/Treasurer Special Project Fund.

The County issued an OWDA loan in 2012 in the amount of \$55,343 for the residential septic system repair/replacement project. The OWDA loan is paid by grant funding from the American Reinvestment and Recovery Act.

At December 31, 2012, the County's overall legal debt margin was \$2,466,181 with an unvoted debt margin of \$1,937,180.

The following is a summary of the County's future principal and interest requirements for general long-term debt obligations:

	Job & Family Services		Elevator Project		Detention & Rehabilitation	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$67,776	\$74,668	\$12,296	\$6,781	\$9,183	\$5,183
2014	71,277	71,168	13,012	6,064	9,695	4,671
2015	74,958	67,486	13,771	5,305	10,235	4,131
2016	78,830	63,616	14,575	4,502	10,806	3,560
2017	82,902	59,544	15,425	3,652	11,409	2,957
2018-2022	483,332	228,890	52,862	5,345	44,198	5,103
2023-2027	621,740	90,485	-	-	-	-
Totals	\$1,480,815	\$655,857	\$121,941	\$31,649	\$95,526	\$25,605

**Vinton County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2012*

**NOTE 10 - LONG-TERM DEBT** (Continued)

	Community & Economic Development		Auditor & Treasurer Computer System		OWDA	HVAC Project	
	Principal	Interest	Principal	Interest	Principal	Principal	Interest
2013	\$ 2,000	\$ 2,681	\$ 9,639	\$ 2,636	\$ 3,550	\$ 10,426	\$ 3,723
2014	2,000	2,599	10,053	2,222	-	10,797	3,353
2015	2,000	2,516	10,485	1,790	-	11,180	2,969
2016	2,000	2,434	10,931	893	-	11,569	2,579
2017	3,000	2,351	11,405	870	-	11,987	2,161
2018-2022	15,000	9,901	11,894	380	-	52,392	4,237
2023-2027	17,000	6,766	-	-	-	-	-
2028-2032	22,000	2,848	-	-	-	-	-
Totals	\$ 65,000	\$ 32,096	\$ 64,407	\$ 8,791	\$ 3,550	\$ 108,351	\$ 19,022

**NOTE 11 - INTERFUND TRANSACTIONS**

**A. Interfund Advances**

Advances in and out during the year ended December 31, 2012 consisted of the following:

	Advances In	Advances Out
General Fund	\$29,684	\$3,624
Non-Major Funds	207,621	233,681
Total All Funds	<u>\$237,305</u>	<u>\$237,305</u>

During 2012, the General Fund advanced monies to non-major governmental funds in anticipation of intergovernmental grant revenue. Advances among nonmajor funds were between grant funds with similar activity, functions and funding sources, and were made in anticipation of intergovernmental revenue.

**B. Interfund Transfers**

The following transfers in and out were made during 2012:

	Transfers In	Transfers Out
General Fund	\$0	\$201,610
Job and Family Services	95,959	0
MVGT	0	61,305
Non-Major Funds	<u>245,073</u>	<u>78,117</u>
Total All Funds	<u>\$341,032</u>	<u>\$341,032</u>

Transfers are used to move revenues from the fund that collects them in accordance with statute or budget to the fund that is required to expend them in accordance with statute or budget; to segregate money for anticipated capital projects; to provide resources for current operations; or to service debt. Transfers from the MVGT to the Non-Major Funds were for the County's share of Issue II projects.

**NOTE 12 - JOINTLY GOVERNED ORGANIZATIONS**

***Gallia, Jackson, Meigs, and Vinton Joint Solid Waste Management District***

The County is a member of the Gallia, Jackson, Meigs, and Vinton 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 is the residual district of the Six-County Joint Solid Waste District which was created in 1989, as required by the Ohio Revised Code. The original District consisted of Athens, Gallia, Hocking, Jackson, Meigs, and Vinton Counties; however, Athens and Hocking Counties have subsequently withdrawn.

The Gallia, Jackson, Meigs, and Vinton Joint Solid Waste Management 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 Counties' continued participation, no equity interest exists, and no debt is outstanding. In the event that fees collected by the District are not sufficient for operating costs and expenses, the member Counties would share the costs incurred in the same proportions that the populations of each County, as reported in the most recent decennial census of the United States Bureau of Census, are to the total population of all member Counties.

***South Central Regional Juvenile Detention Center***

The South Central Regional Juvenile Detention Center is a jointly governed organization that was created as a holding place for juvenile offenders waiting for disposition by the respective Juvenile Courts of the member Counties. The current members include Pike, Pickaway, Ross, Jackson, Hocking, Athens, Fayette, Vinton and Highland Counties. The Center's Board consists of one member from each participating County that is appointed by the Juvenile Court Judge or a County Commissioner from each County. The joint Board selects the superintendent as the Center's administrator.

The Center's revenue is from per diem charges for inmates to the respective Counties and a percent of the County tax base to the total tax base. Ross County is the fiscal officer of the Center. Vinton County does not have any financial interest or responsibility. During 2012, Vinton County contributed \$44,435 to the Center.

***Buckeye Joint-County Self Insurance Council***

The Buckeye Joint-County Self Insurance Council is a jointly governed organization that serves Athens, Hocking, Jackson, Lawrence, Meigs, Monroe, Morgan, Noble, Perry, Pike, Vinton, and Washington Counties, and was formed as an Ohio non-profit corporation for the purpose of establishing an insurance pool to obtain general liability, law enforcement, professional and fleet insurance. Member counties provide operating resources to the Council based on actuarially determined rates.

The degree of control exercised by any participating government is limited to its representation on the Board. The Governing Board is composed of at least one County Commissioner from each of the participating Counties. The Governing Board annually elects officers which include President, Vice President, Second Vice-President and two Governing Board Members. The expenditures and investments of funds by the officer must be approved by the Governing Board unless specific limits have been set by the Governing Board.

In the event of losses, the first \$250 to \$1,000 of any valid claim, depending on the type of loss, will be paid by the member. The next payment, with a maximum pay ranging from \$100,000 to \$1,000,000 per occurrence, will come from the self-insurance pool based on the member's percentage of contribution. If the aggregate claims paid by the pool exceed the available resources, the pool may require the members to make additional supplementary payments. Vinton County does not have any ongoing financial interest or responsibility. The agreement between the County and the Council indicates that a voluntary withdrawal or termination by the County shall constitute a forfeiture of any pro-rata share of the council reserve fund.

**Vinton County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2012*

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**NOTE 12 - JOINTLY GOVERNED ORGANIZATIONS** (Continued)

In the event of the termination of the Council, current members shall be paid in an amount they have contributed to the Council as of the last month of the Council's existence. Current calculation of this potential residual interest is, therefore, not possible. During 2012, Vinton County paid \$107,493 to the Council for insurance coverage. This jointly governed organization is a cost-sharing pool.

***Ohio Government Risk Management Plan***

The Buckeye Joint-County Self Insurance Council belongs to the Ohio Government Risk Management Plan; an unincorporated non-profit association with approximately 500 public entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services. Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each members' needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible.

The Plan uses conventional insurance coverages and reinsures these coverages. The Plan retains a small portion of the risk as identified in the Plan's financials presented on the website at [www.ohioplan.com](http://www.ohioplan.com). The individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

***Alcohol, Drug Addiction and Mental Health Services Board of Athens, Hocking and Vinton Counties***

The Alcohol, Drug Addiction and Mental Health Services Board of Athens, Hocking and Vinton Counties is a jointly governed organization that serves Athens, Hocking and Vinton Counties, and is established for the purpose of providing alcohol, drug addiction and mental health services to the residents of these Counties.

Each participating County has agreed to levy a tax within their County to assist in the operation of the Board, whose passage requires a majority in the total three-County district. This entity is governed by an eighteen member Board that is responsible for its own financial matters and operates autonomously from Vinton County. The Athens County Auditor serves as the fiscal agent for the revenues of the Board, but the Board is responsible to budget and account for their resources. Nine of the Board Members are appointed by the Commissioners of the member Counties apportioned by population. Five of the remaining members are appointed by the Ohio Department of Alcohol and Drug Addiction Services and the other four members are appointed by the Ohio Department of Mental Health. The Board derives its revenue from local property taxes, intergovernmental grants and reimbursements, and other miscellaneous revenue. Vinton County has no ongoing financial interest or responsibility in this Board.

***Vinton County Community Improvement Corporation***

Vinton County is affiliated with the Vinton County Community Improvement Corporation (hereafter referred to as the CIC). The CIC has a twelve member Board which consists of the Vinton County Commissioners, the Vinton County Auditor and the Vinton County Treasurer as well as various other business representatives and community members. The Vinton County Treasurer serves as the President of the CIC. The CIC's purpose is to better the County by providing means for job development. The County is not financially accountable for the CIC. For a copy of the CIC's audit report, contact Vicki Maxwell, CIC President at (740) 596-5690.

***Southern Ohio Council of Governments***

The County is a member of the Southern Ohio Council of Governments (the "Council"), which is a jointly governed organization created under Ohio Revised Code Section 167.01. The governing body consists of a thirteen member board with each participating county represented by its Director of it Board of Developmental Disabilities. Member counties include: Adams, Athens, Brown, Fayette, Gallia, Highland, Jackson, Lawrence, Pickaway, Pike, Ross, Scioto, and Vinton Counties. The Council acts as fiscal agent for the Vinton County Board of Developmental Disabilities' supportive living program monies. As of December 31, 2012, the County had no funds on hand with the Council. Financial statements can be obtained from the Council at 17273 State Route 104, Building 8, Chillicothe, Ohio 45601.

**Vinton County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2012*

**NOTE 12 - JOINTLY GOVERNED ORGANIZATIONS** (Continued)

***Corrections Commission of Southeastern Ohio***

The Corrections Commission of Southeastern Ohio (the Commission), is a joint venture of which Athens, Hocking, Morgan, Perry and Vinton Counties are members. The Commission is a body politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Commission was established to use the authority common to the members to develop, construct, operate and administer a multi-county correctional center to augment county jail programs and facilities.

The Commission was established by the Board of County Commissioners of Athens, Hocking, Morgan and Perry Counties. The Commission is directed by one Commissioner from each participating county, along with the Sheriff and the presiding Judge of the Court of Common Pleas of each participating county. Any of these may name other representatives to fulfill this duty. The presiding judge for Hocking County chose to neither participate nor name a representative so there were 14 directors of the Commission in 2012. Each member county is responsible for a portion of the capital and operating budget as follows: Athens County 41.08%; Perry County 24.32%; Hocking County 18.38%; Morgan County 8.11%; and Vinton County 8.11%.

Complete financial statements of the Commission may be obtained from its administrative office.

**NOTE 13 - CONTINGENT LIABILITIES**

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

The County is not currently party to any legal proceedings.

**NOTE 14 - COMPLIANCE**

The Ohio Revised Code requires the County to prepare its financial report in accordance with accounting principles generally accepted in the United States of America. The County has instead prepared its annual financial report on the cash basis of accounting, which is an other comprehensive basis of accounting.

**NOTE 15 – SHORT-TERM OBLIGATIONS**

Notes Payable	Outstanding at 1/1/12	Increases	Decreases	Outstanding at 12/31/12
Vinton County Courthouse HVAC Renovation Promissory Notes				
2/4/11 – 3.75%	\$ 542,498	\$ -	\$ 542,498	\$ -
6/6/11 – 3.75%	308,000	-	308,000	-
	<u>\$ 850,498</u>	<u>\$ -</u>	<u>\$ 850,498</u>	<u>\$ -</u>

On February 4, 2011, the County Commissioners signed a Promissory Note in the amount of \$542,498 at a 3.75% interest rate. The note matured on February 4, 2012. The note was issued for the purpose of the Vinton County Courthouse HVAC renovation project.

On June 6, 2011, the County Commissioners signed a Promissory Note in the amount of \$308,000 at a 3.75% interest rate. The note matured on February 4, 2012. The note was issued for the purpose of the Vinton County Courthouse HVAC renovation project.

**Vinton County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2012*

**NOTE 16 - CHANGES IN ACCOUNTING PRINCIPLES/REPORTING ENTITY AND RESTATEMENT OF BALANCES**

For 2012, the County has implemented Governmental Accounting Standard Board (GASB) Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.” GASB Statement No. 63 identifies net position, rather than net assets, as the residual of all other elements presented in a statement of financial position. This change was incorporated in the County’s 2012 financial statements; however, there was no effect on beginning net position/fund balance.

During 2012, Vinton Industries, Inc. became a privatized organization, no longer meeting the definition of a component unit. Therefore, the County has removed Vinton Industries, Inc. as a discretely presented component unit effective January 1, 2012. The accompanying basic financial statements do not reflect any financial activity for Vinton Industries, Inc.

**NOTE 17 - FUND BALANCES**

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

Fund Balances	General	Board of Developmental Disabilities	Motor Vehicle Gasoline Tax	Real Estate Assessment	Job and Family Services	All Other Governmental	Total Governmental Funds
<b>Nonspendable</b>							
Unclaimed Monies	\$ 83,428	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 83,428
<b>Restricted for</b>							
Other Purposes	-	-	-	-	-	982,485	982,485
EMS	-	-	-	-	-	133,786	133,786
Housing Contractual	-	-	-	-	-	131,687	131,687
Residential	-	-	-	-	-	31,838	31,838
Real Estate Assessment	-	-	-	446,228	-	-	446,228
Road Repair and Other Purposes	-	-	1,350,966	-	-	-	1,350,966
Job and Family Services	-	-	-	-	8,661	-	8,661
Board of DD	-	512,342	-	-	-	-	512,342
Debt Services Payments	-	-	-	-	-	670	670
Capital Improvements	-	-	-	-	-	167,893	167,893
Total Restricted	<u>-</u>	<u>512,342</u>	<u>1,350,966</u>	<u>446,228</u>	<u>8,661</u>	<u>1,448,359</u>	<u>3,766,556</u>
<b>Assigned to</b>							
Other Purposes	<u>75,152</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,152</u>
<b>Unassigned</b>							
	<u>497,572</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>497,572</u>
Total Fund Balances	<u>\$ 656,152</u>	<u>\$ 512,342</u>	<u>\$ 1,350,966</u>	<u>\$ 446,228</u>	<u>\$ 8,661</u>	<u>\$ 1,448,359</u>	<u>\$ 4,422,708</u>

**NOTE 18 – SUBSEQUENT EVENT**

*South Central Ohio Job and Family Services* – Effective January 1, 2013, the County is a participant in the South Central Ohio Job and Family Services (SCOJFS) which is a joint county department of job and family services pursuant to Chapter 329 of the Ohio Revised Code. Vinton County services previously provided through the Job and Family Service, Children Services, and Child Support Enforcement Agency departments will now be provided through the SCOJFS. The SCOJFS member counties include Hocking, Vinton, and Ross counties.

**Vinton County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2012*

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**NOTE 19 – LOAN RECEIVABLE**

During 2012, the Vinton County DD loaned Vinton Industries, Inc. a sum of \$100,000. Effective with invoices received by Vinton County DD from Vinton Industries, Inc. on or after October 1, 2012, Vinton County DD will retain \$4,000 from the payment of each invoice as repayment of the loan. As of December 31, 2012, the balance of the loan was \$66,750.

**VINTON COUNTY FINANCIAL CONDITION**  
**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	Disbursements
<b><u>U.S. Department of Agriculture</u></b>			
<i>Direct from Federal Government</i>			
Rural Housing Preservation Grants	(2)	10.433	\$25,206
<i>Passed through the Ohio Department of Job &amp; Family Services</i>			
Food Stamp Cluster			
State Admin Matching Grants for Food Stamp Program	(1)	10.561	163,994
Total US Department of Agriculture			189,200
<b><u>U.S. Department of Housing and Urban Development</u></b>			
<i>Passed through the Ohio Department of Development/State's Program</i>			
Community Development Block Grants:			
FY 10 New Horizons Fair Housing Assistance Program	B-N-10-1CW-1	14.228	4,592
FY10 Community Development Program	B-F-10-1CW-1	14.228	347,351
FY11 Community Development Program	B-F-11-1CW-1	14.228	66,293
FY11 Fair Housing Assistance Program	B-F-11-1CW-1	14.228	3,600
FY11 Discretionary	B-D-11-1CW-1	14.228	50,000
FY11 Discretionary	B-D-11-1CW-1	14.228	12,759
Appalachin Regional Commission	B-P-10-1CW-4	14.228	250,000
Appalachin Regional Commission	B-P-11-1CW-1	14.228	152,761
Appalachin Regional Commission	S-A-10-1CW-1	14.228	103,797
Total Community Development Block Grants			991,153
FY10 HOME	BC-10-1CW-2	14.239	29,988
FY10 CHIP	BC-10-1CW-1	14.239	20,950
FY10 CDBG Rehab	BC-10-1CW-1	14.239	127,030
FY10 Home Repair	BC-10-1CW-1	14.239	11,501
Total HOME Investment Partnership Program			189,469
Neighborhood Stabilization Program	B-Z-08-1W1-1	14.264	62,128
Total U.S. Department of Housing and Urban Development			1,242,750
<b><u>U.S. Department of Justice</u></b>			
Drug Court Discretionary Grant Program	2009-DC-BX-0045	16.585	80,459
<i>Passed through Ohio Office of Criminal Justice</i>			
Edward Byrne Justice Asst. Grant Formula Program	2010-DL-LEF-5851	16.738	8,206
Total U.S. Department of Justice			88,665
<b><u>U.S. Department of Transportation</u></b>			
<i>Direct from Federal Government</i>			
Airport Improvement Program	(2)	20.106	32,899
<i>Passed through the Ohio Department of Transportation</i>			
Highway Planning and Construction	(1)	20.205	21,171
Highway Planning and Construction	(1)	20.205	5,613
Highway Planning and Construction	(1)	20.205	14,500
Total Highway Planning and Construction			41,284
State and Community Highway Safety	HVEO-2013-82	20.600	3,076
Total U.S. Department of Transportation			77,259
<b><u>U.S. Department of Labor</u></b>			
<i>Passed through the Ohio Department of Human Services</i>			
Workforce Allocation Cluster			
WIA - Local - Adult	(1)	17.258	51,189
WIA - Local - Adult Administration	(1)	17.258	1,976
WIA - Local - Youth	(1)	17.259	45,782
WIA - Local - Youth Administration	(1)	17.259	1,245
WIA - Local - Dislocated	(1)	17.260	42,562
WIA - Local - Dislocated Administration	(1)	17.260	2,007
WIA - Local - Dislocated - ARRA	(1)	17.260	6,981
Total U.S. Department of Labor			151,742

**VINTON COUNTY FINANCIAL CONDITION**  
**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	Disbursements
<b><u>U.S. Department of Health and Human Services</u></b>			
<i>Passed through the State Board of Elections</i>			
Voting Access for Individuals with Disabilities	(1)	93.617	590
<i>Passed through the Ohio Department of Job &amp; Family Services</i>			
Social Services Block Grant	(1)	93.667	0
<i>Passed through the State Department of Developmental Disabilities</i>			
Social Services Block Grant	(1)	93.667	3,776
<i>Passed through the Ohio Department of Job &amp; Family Services</i>			
Social Services Block Grant	(1)	93.667	411,692
Total Social Service Block Grant			415,468
Medicare Cluster:			
<i>Passed through the State Department of Developmental Disabilities</i>			
Medical Assistance Program	(1)	93.778	15,887
<i>Passed through the Ohio Department of Job &amp; Family Services</i>			
Medical Assistance Program	(1)	93.778	2,042,343
Total Medicare Cluster			2,058,230
CCDF Cluster:			
Child Care Development Block Grant	(1)	93.575	33,766
TANF Cluster:			
TANF	(1)	93.558	575,429
Promoting Safe and Stable Families	(1)	93.556	5,793
Child Support Enforcement	(1)	93.563	154,051
Foster Care Title VI-E	(1)	93.658	12,415
Foster Care Title VI-E - Administration and Training	(1)	93.658	24,455
ProtectOhio	(1)	93.658	187,574
Adoption Assistance Title VI-E	(1)	93.659	20,198
Adoption Assistance Title VI-E - Administration and Training	(1)	93.659	36,860
Federal Chaffee	(1)	93.674	1,219
SCHIP		93.767	12,602
Total U.S. Department of Health and Human Services			3,538,650
<b><u>U.S. Department of Homeland Security</u></b>			
<i>Passed through the Ohio Emergency Management Agency</i>			
State Domestic Preparedness Equipment Support Program:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	FEMA-4002-DR-163UBG10	97.036	5,919
Emergency Management Performance Grant	2011-EP-00-003	97.042	31,052
Homeland Security Grant Program	2010-SS-T9-0089	97.067	24,208
Total U.S. Department of Homeland Security			61,179
<b><u>U.S. Election Assistance Commission</u></b>			
<i>Passed through the Ohio Secretary of State</i>			
Help America Vote Act Requirements Payments	(1)	90.401	320
Total U.S. Election Assistance Commission			320
Total Federal Expenditures			<u>\$5,349,765</u>

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

See accompanying notes to the schedule of federal awards expenditures.

**VINTON COUNTY FINANCIAL CONDITION**  
**Notes to the Schedule of Federal Awards Expenditures**  
**For the year ended December 31, 2012**

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**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - MATCHING REQUIREMENTS**

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

**NOTE C - REVOLVING LOAN FUNDS**

The County has established a revolving loan program to provide low interest loans to businesses to create jobs for persons from low to moderate income households and to eligible persons to rehabilitate homes. The Federal Department of Housing and Urban Development (HUD) grants money from these loans to the County, pass through the Ohio Department of Development (ODOD). The initial loan of this money is recorded as a disbursement on the accompanying Schedule of Federal Awards Expenditures. Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as disbursements on the Schedule.

These loans are collateralized by mortgages of property and equipment and by guarantees. At December 31, 2012, the gross amount of loans outstanding under this program were \$801,980.

**NOTE D - ARRA/EFMAP**

During the calendar year, the County Board of Developmental Disabilities received a refund for eFMAP (ARRA) funds for the Medicaid Program (CFDA # 93.778) in the amount of \$21 from the Ohio Department of Developmental Disabilities. This refund was a correction to the eFMAP percentage for four billing cycles during July and August 2009. This revenue is not listed on the County's Schedule of Expenditures of Federal Awards since the underlying expenses occurred in prior reporting periods.

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

Board of Commissioners  
Vinton County, Ohio  
100 East Main Street  
McArthur, OH 45651

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Vinton County, Ohio (the County), as of and for the year ended December 31, 2012, and the notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 12, 2013, wherein we noted the County's financial statements have been prepared on the cash basis of accounting rather than the generally accepted accounting principles. We also noted that the County adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified materials weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

Board of Commissioners  
Vinton County, Ohio  
Independent Auditor's Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards*

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency or combination of deficiencies, in internal control such that there is a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Government's financial statements. We consider finding 2012-002 described in the accompanying schedule of findings to be a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material affect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance and other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2012-001 and 2012-002.

We also noted certain matters that we have reported to the management of the County in a separate letter dated June 12, 2013.

### **Entity's Response to Finding**

The County's response to the finding identified in our audit is described in the accompanying schedule of findings. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*J. L. Uhrig and Associates, Inc.*

J. L. UHRIG AND ASSOCIATES, INC.  
Chillicothe, Ohio

June 12, 2013

**Independent Auditor's Report on Compliance with Requirements Applicable for Each Major Program  
and on Internal Control over Compliance Required by OMB Circular A-133**

Board of Commissioners  
Vinton County, Ohio  
100 East Main Street  
McArthur, OH 45651

**Report on Compliance for Each Major Federal Program**

We have audited the Vinton County, Ohio (the County) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2012. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Each of the Major Federal Programs***

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings for the year ended December 31, 2012.

Board of Commissioners  
Vinton County, Ohio  
Independent Auditor's Report on Compliance with  
Requirements Applicable For Each Major Program  
and Report on Internal Control over Compliance

### **Report on Internal Control over Compliance**

Management of Vinton County, Ohio is responsible for establishing and maintaining effective internal control over compliance with the type of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program, to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or to detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program's compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *Significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with 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 was not designed to 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, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*J. L. Uhrig and Associates, Inc.*

J. L. UHRIG AND ASSOCIATES, INC.  
Chillicothe, Ohio

June 12, 2013

**VINTON COUNTY, OHIO**  
**Schedule of Findings**  
**For the Year Ended December 31, 2012**

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

<b>1. Type of Financial Statement Opinion</b>	Unqualified
<b>2. Were there any material internal control weaknesses reported at the financial statement level (GAGAS)?</b>	Yes
<b>3. Were there any other significant deficiencies in internal controls reported at the financial statement level (GAGAS)?</b>	No
<b>4. Was there any material noncompliance reported at the financial statement level (GAGAS)?</b>	Yes
<b>5. Were there any material internal control weaknesses reported for major federal programs?</b>	No
<b>6. Were there any other reportable internal control weaknesses reported for major federal programs?</b>	No
<b>7. Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>8. Are there any reportable findings under § .510?</b>	No
<b>9. Major Programs (list):</b>	Community Development Block Grant CFDA # 14.228 HOME Investment Partnership Program CFDA # 14.239 Medicare Cluster CFDA # 93.778 Social Service Block Grant CFDA # 93.667
<b>10. Dollar Threshold: Type A/B Programs</b>	Type A: >\$300,000 Type B: All Other Programs
<b>11. Low Risk Auditee?</b>	No

**VINTON COUNTY, OHIO**  
**Schedule of Findings**  
**For the Year Ended December 31, 2012**

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

***Finding Number 2012-001***

**Annual Financial Report - Noncompliance Citation**

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

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

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

**Officials Response**

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

***Finding Number 2012-002***

**Maintaining Support Documentation – Noncompliance Citation and Material Weakness**

Ohio Rev. Code Section 149.351 (A) states that all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commissions provided for under sections 149.38 to 149.42. Such records shall be delivered by outgoing officials and employees to their successors and shall not be otherwise removed, transferred, or destroyed unlawfully.

The Prosecutor's office did file the required report detailing expenditures with the County Auditor for 2012, and this report was made available for audit. However, the original supporting documentation for the 2012 expenditures from the previous Prosecutor's Furtherance of Justice account, was unavailable for our review during the audit.

**VINTON COUNTY, OHIO**  
**Schedule of Findings**  
**For the Year Ended December 31, 2012**

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While the expenditures appear to be reasonable in nature, the Prosecutor should ensure all records are adequately safeguarded. The failure to maintain adequate support for expenditures could result in a loss of accountability, making it difficult to identify errors which could go undetected, and possibly result in expenditures that are not for proper public purpose.

Officials Response

Per Ohio Revised Code, at the beginning of each fiscal year, a check from the General Fund, in the amount of half of the Prosecutor's salary with a private practice, is issued to the Prosecutor. A separate check is also issued to the Sheriff equal to half of the county's portion of the Sheriff's salary.

In January 2012, the amount issued to the Vinton County Prosecutor was \$27,109.00. The check was the deposited into an account with The Vinton County National Bank named Furtherance of Justice (F.O.J). The Prosecutor was then issued a check book, by the financial institution, that only required the signature of the Prosecutor. The Prosecutor, at the end of the fiscal year, is required to file a report with the county auditor. The report shall contain an itemized statement showing all expenses and the ending cash balance. This report is then turned over to the independent auditors conducting the audit.

All tax money should be of proper public purpose and should be properly documented. Because of the law regarding the F.O.J. Account, there are no checks and balances until the money is already expended. The law does not require the Prosecutor to gain approval of expenses from the Auditor, Treasurer or the Commissioner's unlike all other General Fund expenditures. This law creates the issue of money being left up to a single elected official to decide how the tax money is expended, managed and balanced. This eliminates a key part of county government which is checks and balances.

Please note, there were no issues regarding the Sheriff's F.O.J. account.

<b>C. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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There were no findings or questioned costs related to the federal awards required to be reported.

**VINTON COUNTY, OHIO**  
**Schedule of Prior Audit Findings**  
**For the Year Ended December 31, 2012**

<b>Finding Number</b>	<b>Description</b>	<b>Status</b>	<b>Comments</b>
<i>Government Auditing Standards:</i>			
2011-001	Ohio Admin Code Section 117-22-03(B) requires the County to prepare its annual financial report in accordance with generally accepted accounting principles. The County filed its report using the cash basis of accounting.	Not Corrected	Re-issued in current Schedule of Audit Findings as item 2012-001.
2011-002	Maintaining Supporting Documentation – Prosecutor’s FOJ Fund.	Not Corrected	Re-issued in current Schedule of Audit Findings as item 2012-002.



# Dave Yost • Auditor of State

## VINTON COUNTY FINANCIAL CONDITION

### VINTON 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  
JULY 30, 2013