



Dave Yost • Auditor of State

CLINTON COUNTY
TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Management's Discussion and Analysis.....	5
Basic Financial Statements:	
Government – Wide Financial Statements	
Statement of Net Assets	
December 31, 2012	17
Statement of Activities	
For the Year Ended December 31, 2012	18
Fund Financial Statements	
Balance Sheet - Governmental Funds	
December 31, 2012	20
Reconciliation of Total Governmental Fund Balances	
To Net Assets of Governmental Activities	
December 31, 2012	23
Statement of Revenues, Expenditures and Changes	
In Fund Balance Governmental Funds	
For the Year Ended December 31, 2012	24
Reconciliation of the Statement of Revenues, Expenditures,	
And Changes in Fund Balances of Governmental Funds to	
The Statement of Activities	
For the Year Ended December 31, 2012	26
Statement of Revenues, Expenditures, and Changes In	
Fund Balance – Budget and Actual (Non-GAAP Budgetary	
Basis) General Fund	
For the Year Ended December 31, 2012	27
Statement of Revenues, Expenditures, and Changes	
In Fund Balance – Budget and Actual (Non-GAAP Budgetary	
Basis) Children Services Board	
For the Year Ended December 31, 2012	28
Statement of Revenues, Expenditures, and Changes	
In Fund Balance – Budget and Actual (Non-GAAP Budgetary	
Basis) County Board of Developmental Disabilities	
For the Year Ended December 31, 2012	29
Statement of Revenues, Expenditures, and Changes	
In Fund Balance – Budget and Actual (Non-GAAP Budgetary	
Basis) Motor Vehicle and Gas Tax	
For the Year Ended December 31, 2012	30

CLINTON COUNTY
TABLE OF CONTENTS
(Continued)

TITLE	PAGE
Statement of Revenues, Expenditures, and Changes In Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) Public Assistance For the Year Ended December 31, 2012	31
Statement of Revenues, Expenditures, and Changes In Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) Workforce Development For the Year Ended December 31, 2012	32
Statement of Revenues, Expenditures, and Changes In Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) Martinsville-Midland Sewer For the Year Ended December 31, 2012	33
Statement of Net Assets Proprietary Funds December 31, 2012	34
Statement of Revenues, Expenses and Changes In Net Position Proprietary Funds For the Year Ended December 31, 2012	35
Statement of Cash Flows Proprietary Funds For the Year Ended December 31, 2012	36
Statement of Fiduciary Net Position Fiduciary Funds December 31, 2012	37
Statement of Changes In Fiduciary Net Position Fiduciary Funds For the Year Ended December 31, 2012	38
Notes to the Financial Statements	39
Schedule of Federal Awards Expenditures	77
Notes to the Federal Awards Expenditures	81
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by Government Auditing Standards	83
Independent Auditor’s Report on Compliance With Requirements Applicable To Each Major Federal Program And On Internal Control Over Compliance In Accordance With OMB Circular A-133	85
Schedule of Findings.....	89
Schedule of Prior Audit Findings.....	103
Corrective Action Plan.....	105



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Clinton County
46 S. South St.
Wilmington, Ohio 45177

To the Clinton County Commissioners:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Clinton County, Ohio, as of December 31, 2012, and the respective changes in financial position, cash flows thereof and the budgetary comparisons for the General Fund, Children's Services Board Fund, County Board of Developmental Disabilities Fund, Motor Vehicle and Gas Tax Fund, Public Assistance Fund, Workforce Development Fund and Martinsville-Midland Sewer Fund, thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3-A to the financial statements, during the year ended December 31, 2012, GASB Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*", and GASB Statement No. 65, "*Items Previously Reported as Assets and Liabilities*" We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2013, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State

Columbus, Ohio

December 23, 2013

This page intentionally left blank.

CLINTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2012 UNAUDITED

The management's discussion and analysis of Clinton County's (the "County") financial performance provides an overall review of the County's financial activities for the year ended December 31, 2012. The intent of this discussion and analysis is to look at the County's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the County's financial performance.

Financial Highlights

Key financial highlights for 2012 are as follows:

- General revenues accounted for \$16,026,919 or 48.39% of total governmental activities revenue. Program specific revenues accounted for \$17,091,275 or 51.61% of total governmental activities revenue.
- The County had \$32,976,594 in expenses related to governmental activities; \$17,091,275 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$16,026,919 were adequate to provide for these programs.
- The County has seven major governmental funds. The general fund, the County's largest major governmental fund, had revenues and other financing sources of \$15,215,700 in 2012. The general fund had expenditures of \$13,703,345 in 2012. The general fund received \$3,013,621 in transfers from other funds and transferred out \$6,351,580 to other funds, contributing to a decrease in fund balance of \$1,825,604.
- The children services board, a County major fund, had revenues of \$2,800,546 and expenditures of \$2,630,978 in 2012. The children services board fund balance increased \$169,568 from 2011 to 2012.
- The County Board of Developmental Disabilities (DD) fund, a County major fund, had revenues of \$4,902,912 and expenditures and other financing uses of \$4,294,704 in 2012. The County Board of DD fund balance increased \$608,208 from 2011 to 2012.
- The motor vehicle and gas tax fund, a County major fund, had revenues and other financing sources of \$5,682,765 in 2012. Expenditures totaled \$5,573,169 in 2012 and the fund balance increased \$109,596 from 2011 to 2012.
- The public assistance fund, a County major fund, had revenues and other financing sources of \$3,788,968 and expenditures and other financing uses of \$3,673,029 in 2012. The public assistance fund balance increased \$115,939 from 2011 to 2012.
- The workforce development fund, a County major fund, had revenues of \$863,941 and expenditures of \$998,804 in 2012, resulting in a decrease in fund balance of \$134,863.
- The Martinsville-Midland sewer fund, a County major fund, paid off the balance of the debt obligations related to the sewer project during 2012 with monies loaned from the general fund, resulting in a decrease in fund balance of \$3,120,634.
- The Former County Hospital fund, which comprises the County's business-type activities, experienced nonoperating revenues of \$1,058,922, nonoperating expenses of \$147,925 and earned investment income of \$1,570. Net position of business type activities went up \$912,567 from 2011.

Using the Basic Financial Statements (BFS)

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

CLINTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2012 UNAUDITED

The statement of net position and statement of activities provide information about the activities of the whole County, presenting both an aggregate view of the County's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the County's most significant funds with all other nonmajor funds presented in total in one column. In the case of the County, there are seven major governmental funds. The general fund is the largest major fund.

Reporting the County as a Whole

Statement of Net Position and the Statement of Activities

The statement of net position and the statement of activities answer the question, "How did we do financially during 2012?" These statements include *all assets, deferred outflows, liabilities, deferred inflows, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the County's net position and changes in that position. This change in net position is important because it tells the reader that, for the County as a whole, the financial position of the County has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the County's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the statement of net position and the statement of activities, the County is divided into two distinct kinds of activities:

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

Business-type activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided.

Reporting the County's Most Significant Funds

Fund Financial Statements

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

Fund financial reports provide detailed information about the County's major funds. The County uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the County's most significant funds. The County's major governmental funds are the general fund, children services board, County board of DD, motor vehicle and gas tax, public assistance, workforce development and Martinsville-Midland sewer fund. The County's major enterprise fund is the Former County Hospital. The analysis of the County's major governmental and proprietary funds begins on page 10.

CLINTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2012 UNAUDITED

Governmental Funds

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

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

The County maintains a multitude of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the major funds, which were identified earlier. Data from the other governmental funds are combined into a single, aggregated presentation. The basic governmental financial statements can be found on pages 18-31 of this report.

Proprietary Funds

The County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses an enterprise fund to account for wind-down expenses of the Former County Hospital. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses an internal service fund to account for a self-funded health insurance program for employees of the County and several governmental units within the County. Because this service predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements. The basic proprietary fund financial statements can be found on pages 32-34 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 35-36 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 37-74 of this report.

CLINTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
UNAUDITED

Government-Wide Financial Analysis

The statement of net position provides the perspective of the County as a whole. The table below provides a summary of the County's net position for 2012 and 2011. Net asset classifications for 2011 have been restated in the governmental activities to conform to 2012 presentation in accordance with GASB Statements No. 63 and 65, and as described in Note 3.B.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>Restated 2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>Restated 2011</u>
<u>Assets</u>						
Current and other assets	\$ 70,323,841	\$ 75,884,869	\$ 3,656,371	\$ 3,072,484	\$ 73,980,212	\$ 78,957,353
Capital assets, net	<u>43,224,526</u>	<u>43,020,201</u>	<u>-</u>	<u>-</u>	<u>43,224,526</u>	<u>43,020,201</u>
Total assets	<u>113,548,367</u>	<u>118,905,070</u>	<u>3,656,371</u>	<u>3,072,484</u>	<u>117,204,738</u>	<u>121,977,554</u>
<u>Deferred outflows of resources</u>						
Unamortized deferred charges on refunding	<u>73,069</u>	<u>83,507</u>	<u>-</u>	<u>-</u>	<u>73,069</u>	<u>83,507</u>
<u>Liabilities</u>						
Long-term liabilities	6,619,933	12,169,335	-	-	6,619,933	12,169,335
Other liabilities	<u>1,943,755</u>	<u>1,636,969</u>	<u>779,393</u>	<u>1,108,073</u>	<u>2,723,148</u>	<u>2,745,042</u>
Total liabilities	<u>8,563,688</u>	<u>13,806,304</u>	<u>779,393</u>	<u>1,108,073</u>	<u>9,343,081</u>	<u>14,914,377</u>
<u>Deferred inflows of resources</u>						
Property taxes levied for the next fiscal year	<u>5,888,255</u>	<u>6,154,380</u>	<u>-</u>	<u>-</u>	<u>5,888,255</u>	<u>6,154,380</u>
<u>Net position</u>						
Net investment in capital assets	37,950,304	32,207,546	-	-	37,950,304	32,207,546
Restricted	21,831,044	20,406,635	-	-	21,831,044	20,406,635
Unrestricted	<u>39,388,145</u>	<u>46,413,712</u>	<u>2,876,978</u>	<u>1,964,411</u>	<u>42,265,123</u>	<u>48,378,123</u>
Total net position	<u>\$ 99,169,493</u>	<u>\$ 99,027,893</u>	<u>\$ 2,876,978</u>	<u>\$ 1,964,411</u>	<u>\$ 102,046,471</u>	<u>\$ 100,992,304</u>

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2012, the County's assets exceeded liabilities by \$102,046,471.

Capital assets reported on the government-wide statements represent the largest portion of the County's net position. At December 31, 2012, capital assets represented 36.88% of total assets. Capital assets include land, land improvements, buildings and improvements, equipment, software, vehicles and infrastructure. The net investment in capital assets at December 31, 2012, was \$37,950,304. These capital assets are used to provide services to citizens and are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the County's net position, \$21,831,044 or 22.02% represents resources that are subject to external restrictions on how they may be used. The remaining balance of the unrestricted net position for the County as a whole is \$42,265,123, \$39,388,145 of which is related to the County's governmental activities. During 2012 unrestricted net position decreased \$7,025,567 for the County's governmental activities and \$6,113,000 for the County as a whole from 2011 unrestricted net position, as restated.

CLINTON COUNTY, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
UNAUDITED**

The table below shows the changes in net position for 2012 and 2011.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<u>Revenues</u>						
Program revenues:						
Charges for services and sales	\$ 3,594,685	\$ 3,854,703	\$ -	\$ -	\$ 3,594,685	\$ 3,854,703
Operating grants and contributions	13,154,352	11,767,491	-	-	13,154,352	11,767,491
Capital grants and contributions	342,238	447,092	-	-	342,238	447,092
General revenues:						
Property taxes	6,564,887	7,460,671	-	-	6,564,887	7,460,671
Sales tax	6,763,400	7,335,234	-	-	6,763,400	7,335,234
Unrestricted grants	1,454,242	1,584,769	-	-	1,454,242	1,584,769
Investment earnings	551,147	471,812	1,570	13,922	552,717	485,734
Other	693,243	1,372,748	1,058,922	-	1,752,165	1,372,748
Total revenues	<u>33,118,194</u>	<u>34,294,520</u>	<u>1,060,492</u>	<u>13,922</u>	<u>34,178,686</u>	<u>34,308,442</u>
<u>Expenses</u>						
Program expenses:						
General government	8,408,004	9,088,593	-	-	8,408,004	9,088,593
Public safety	5,217,855	4,484,107	-	-	5,217,855	4,484,107
Public works	6,314,067	5,211,403	-	-	6,314,067	5,211,403
Health	4,320,405	4,198,318	-	-	4,320,405	4,198,318
Human services	6,833,253	7,933,027	-	-	6,833,253	7,933,027
Conservation and recreation	111,866	94,030	-	-	111,866	94,030
Economic development and assistance	871,277	310,852	-	-	871,277	310,852
Other	563,680	661,869	-	-	563,680	661,869
Interest and fiscal charges	336,187	432,924	-	-	336,187	432,924
Former County Hospital	-	-	147,925	357,874	147,925	357,874
Total expenses	<u>32,976,594</u>	<u>32,415,123</u>	<u>147,925</u>	<u>357,874</u>	<u>33,124,519</u>	<u>32,772,997</u>
Change in net position before special item	141,600	1,879,397	912,567	(343,952)	1,054,167	1,535,445
<u>Special items</u>						
Proceeds from sale of hospital	-	214,046	-	-	-	214,046
Proceeds from legal settlement	-	1,075,988	-	-	-	1,075,988
Change in net position	141,600	3,169,431	912,567	(343,952)	1,054,167	2,825,479
Net position at beginning of year (restated)	<u>99,027,893</u>	<u>95,858,462</u>	<u>1,964,411</u>	<u>2,308,363</u>	<u>100,992,304</u>	<u>98,166,825</u>
Net position at end of year	<u>\$ 99,169,493</u>	<u>\$ 99,027,893</u>	<u>\$ 2,876,978</u>	<u>\$ 1,964,411</u>	<u>\$102,046,471</u>	<u>\$100,992,304</u>

CLINTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2012 UNAUDITED

Governmental Activities

Net position of governmental activities increased \$141,600 during 2012. The increase in net position is attributable to a control of expenses during 2012.

Operating grants and contributions consisted of State and federal government contributions to the County of \$13,154,352 and \$342,238 in capital grants and contributions. These revenues are restricted to a particular program or purpose. Of the operating grants and contributions of \$13,154,352, \$4,877,552, or 37.08% subsidized human services programs, compared to \$5,359,919 or 45.55% in 2011. This decrease is due to decreased activity in the County's workforce development fund. \$5,386,301 or 40.95% of the total operating grants and contributions subsidized public works programs, while another \$1,547,415 or 11.77% subsidized health programs. Capital grants and contributions decreased slightly due to less funding for permanent improvements within the County.

General revenues totaled \$16,026,919, and amounted to 48.39% of total revenues. These revenues primarily consist of property and sales tax revenue of \$13,328,287 or 83.16% of total general revenues in 2012. Property tax revenue decreased slightly from 2012, while sales tax revenue decreased \$571,834 or 7.80%. The other primary source of general revenues is grants and entitlements not restricted to specific programs, which makes up \$1,454,242 or 9.07% of total general revenues.

The County experienced minor increases and decreases in several categories of expenses during 2012. Overall, however, expenses were only \$203,597 or 0.63% higher than in 2011, which is due to considerably lower expenses for the County's human services programs which fell by 13.87%.

General government expenses include legislative and executive and judicial programs, and totaled \$8,408,004 or 25.50% of total governmental expenses. General government expenses were covered by \$1,622,340 of direct charges to users in 2012, which is comprised primarily of auditor's fees and rental income, and operating grants and contributions of \$160,775.

Public works expenses totaled \$6,314,067 in 2012, or 19.15% of total governmental expenses. These expenses were funded primarily by operating grants and contributions, capital grants and contributions, and charges to users of \$5,386,301, \$342,238, and \$725,707, respectively.

Human services expense supports the operations of public assistance, workforce development and the children services board, and accounts for \$6,833,253, or 20.73% of the total governmental expenses of the County. These expenses were primarily funded by operating grants and contributions in the amount of \$4,877,552. The remainder of these expenses is covered by charges for services and general revenues. The decrease in both the expenses and operating grants and contributions is due primarily to the activity of the County's workforce development program.

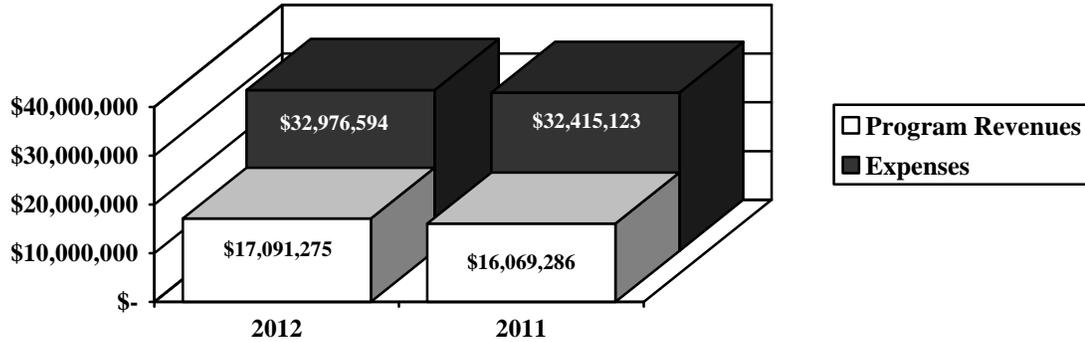
Expenses for health programs, which for the County is mainly the County Board of Developmental Disabilities program, were \$4,320,405 in 2012. The County's public safety programs, primarily the sheriff's department, had expenses of \$5,217,855 in 2012.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2012 and 2011. That is, it identifies the cost of these services supported by tax revenue and unrestricted state grants and entitlements.

CLINTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
UNAUDITED

Governmental Activities - Program Revenues vs. Total Expenses

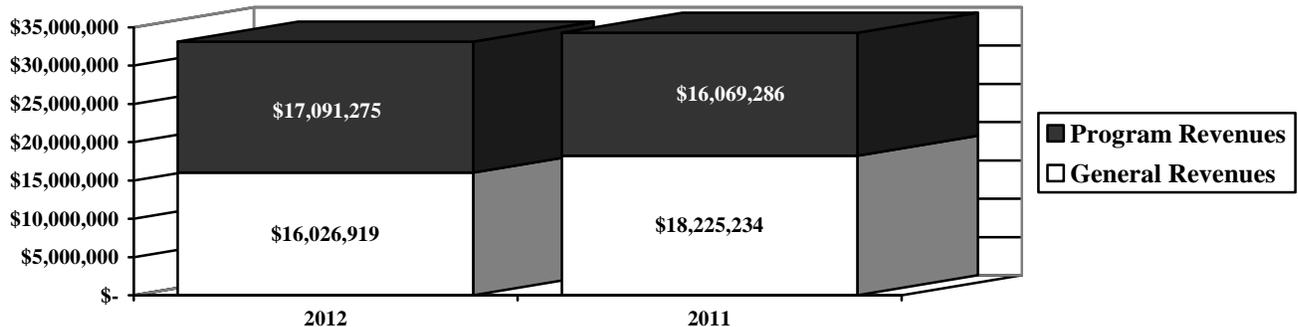


Governmental Activities

	Total Cost of Services <u>2012</u>	Net Cost of Services <u>2012</u>	Total Cost of Services <u>2011</u>	Net Cost of Services <u>2011</u>
Expenses:				
General government	\$ 8,408,004	\$ 6,624,889	\$ 9,088,593	\$ 7,368,062
Public safety	5,217,855	3,924,254	4,484,107	3,168,358
Public works	6,314,067	(140,179)	5,211,403	367,260
Health	4,320,405	2,564,972	4,198,318	2,776,322
Human services	6,833,253	1,791,368	7,933,027	2,145,003
Conservation and recreation	111,866	5,045	94,030	(78,907)
Economic development and assistance	871,277	241,583	310,852	(484,071)
Other	563,680	537,200	661,869	650,886
Interest and fiscal charges	<u>336,187</u>	<u>336,187</u>	<u>432,924</u>	<u>432,924</u>
Total expenses	<u>\$ 32,976,594</u>	<u>\$ 15,885,319</u>	<u>\$ 32,415,123</u>	<u>\$ 16,345,837</u>

The dependence upon general revenues for governmental activities is apparent, with 48.17% and 50.43% of expenses supported through taxes and other general revenues during 2012 and 2011, respectively.

Governmental Activities - General and Program Revenues



CLINTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
UNAUDITED

Business-Type Activities

The Former County Hospital fund is the County's major enterprise fund. For 2012, net position of the Former County Hospital (the "Hospital") went up \$912,567 due to nonoperating revenues of \$1,058,922, nonoperating expenses of \$147,925, and investment income of \$1,570.

In 2010, the Hospital was sold to RegionalCare Hospital Partners. In accordance with the asset purchase agreement, a portion of the Hospital's assets, consisting primarily of cash and investments, are retained to be used for anticipated wind down costs. At December 31, 2012, assets of \$3,656,371 and liabilities of \$779,393 were reported, leaving net position of \$2,876,978 in the enterprise fund.

Financial Analysis of the County's Funds

The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

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

The County's governmental funds (as presented on the balance sheet on pages 18-19) reported a combined fund balance of \$44,802,692 which is \$3,247,695 lower than last year's total of \$48,050,387. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2012 for all major and nonmajor governmental funds.

	Fund Balance (Deficit) <u>December 31, 2012</u>	Fund Balance <u>December 31, 2011</u>	Increase (Decrease)
Major Funds:			
General	\$ 18,800,681	\$ 20,626,285	\$ (1,825,604)
Children Services Board	1,459,551	1,289,983	169,568
County Board of DD	7,818,359	7,210,151	608,208
Motor Vehicle and Gas Tax	2,398,677	2,289,081	109,596
Public Assistance	496,348	380,409	115,939
Workforce Development	207,905	342,768	(134,863)
Martinsville-Midland Sewer	(2,880,620)	240,014	(3,120,634)
Other Nonmajor Governmental Funds	<u>16,501,791</u>	<u>15,671,696</u>	<u>830,095</u>
Total	<u>\$ 44,802,692</u>	<u>\$ 48,050,387</u>	<u>\$ (3,247,695)</u>

The fund balance of the general fund decreased \$1,825,604, primarily due to increased transfers out and loans to other funds during 2012 (see Note 5.A and Note 5.B in the notes to the basic financial statements for detail). The fund balance of the County Board of DD fund increased \$608,208 primarily due to higher State and federal grant revenues and lower human services expenses. The Martinsville-Midland sewer project fund retired the principal balance of the USDA bonds and OPWC loan related to the sewer project with monies loaned from the general fund (see Note 5.B for detail), resulting in a decrease in fund balance of \$3,120,634.

CLINTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2012 UNAUDITED

General Fund

The general fund, the County's largest major governmental fund, had revenues and other financing sources of \$18,229,321 in 2012. The general fund had expenditures and other financing uses of \$20,054,925 in 2012. The general fund also received \$1,700,000 in deferred proceeds from the sale of the hospital during 2012. The general fund received transfers of \$3,013,621 from other funds and transferred out \$6,361,580 to retire the principal balance of the Martinsville-Midland sewer project debt obligations and to establish several capital projects funds.

Children Services Board Fund

The children services board, a County major fund, had revenues of \$2,800,546 and expenditures of \$2,630,978 in 2012. The children services board fund balance increased \$169,568 from 2011 to 2012.

County Board of DD

The County Board of Developmental Disabilities (DD) fund, a County major fund, had revenues of \$4,902,912 and expenditures and other financing uses of \$4,294,704 in 2012. The County Board of DD fund balance increased \$608,208 from 2011 to 2012.

Motor Vehicle and Gas Tax Fund

The motor vehicle and gas tax fund, a County major fund, had revenues and other financing sources of \$5,682,765 in 2012. Expenditures totaled \$5,573,169 in 2012 and the fund balance increased \$109,596 from 2011 to 2012.

Public Assistance Fund

The public assistance fund, a County major fund, had revenues and other financing sources of \$3,788,968 and expenditures and other financing uses of \$3,673,029 in 2012. The public assistance fund balance increased \$115,939 from 2011 to 2012.

Workforce Development Fund

The workforce development fund, a County major fund, had revenues of \$863,941 and expenditures of \$998,804 in 2012, resulting in a decrease in fund balance of \$134,863.

Martinsville-Midland Sewer Fund

The Martinsville-Midland sewer project debt service fund, a County major fund, had revenues of \$247,233 and expenditures of \$3,367,867 in 2012, resulting in a decrease in fund balance of \$3,120,634.

General Fund Budgeting Highlights

The County's budgeting process is prescribed by the Ohio Revised Code (ORC). Essentially the budget is the County's appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the ORC. Therefore, the County's plans or desires cannot be totally reflected in the original budget. If budgeted revenues are adjusted due to actual activity then the appropriations can be adjusted accordingly.

CLINTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
UNAUDITED

In the general fund, there were changes between the original and final budget. Final budgeted revenues, other financing sources were \$6,164,061 higher than original budgeted revenues and other financing sources. Actual revenues and other financing sources of \$20,476,750 were \$18,942 higher than in the final budget. Original budgeted expenditures and other financing uses of \$12,787,653 were increased to \$23,562,431 in the final budget. Actual expenditures and other financing uses were \$442,890 less than the final budgeted expenditures.

Capital Assets and Debt Administration

Capital Assets

At the end of 2012, the County had \$43,224,526 (net of accumulated depreciation) invested in land, construction in progress, land improvements, buildings and improvements, software, equipment, vehicles and infrastructure.

The County's largest governmental capital asset category is infrastructure which includes roads, bridges and culverts. These items are immovable and of value only to the County, however, the annual cost of purchasing these items is quite significant. The net book value of the County's infrastructure (cost less accumulated depreciation) represents approximately 60.00% of the County's total governmental capital assets.

The following table shows 2012 balances compared to 2011 as restated in Note 9.A.:

**Capital Assets at December 31,
(Net of Depreciation)**

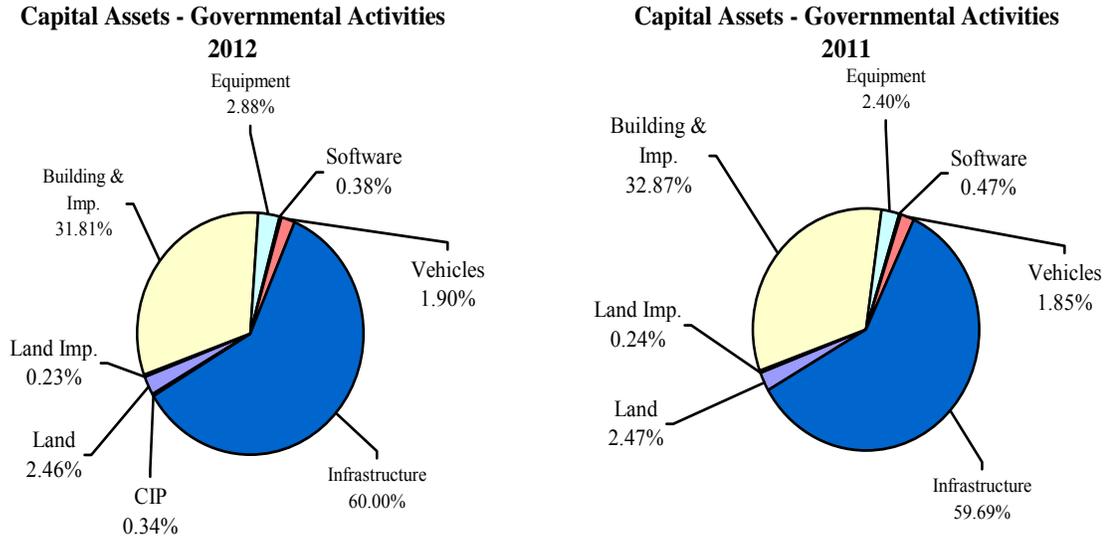
	Governmental Activities 2012	Governmental Activities Restated 2011
Land	\$ 1,061,880	\$ 1,061,880
Land improvements	100,947	104,635
Building and improvements	13,749,149	14,139,426
Equipment	1,244,049	1,033,879
Software	165,942	203,653
Vehicles	824,727	798,008
Infrastructure	25,932,880	25,678,720
Construction in progress	144,952	-
Total	<u>\$ 43,224,526</u>	<u>\$ 43,020,201</u>

See Note 9 to the basic financial statements for further detail on capital assets.

CLINTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
UNAUDITED

The following graphs show the breakdown of governmental capital assets by category for 2012 and 2011.



Debt Administration

At December 31, 2012, governmental activities had \$6,590,823 in general obligation bonds, special assessment bonds, special assessment notes, loans payable, land purchase agreement, compensated absences and capital leases outstanding. Of this total, \$1,181,889 is due within one year and \$5,408,934 is due in more than one year.

The following table summarizes the debt obligations outstanding.

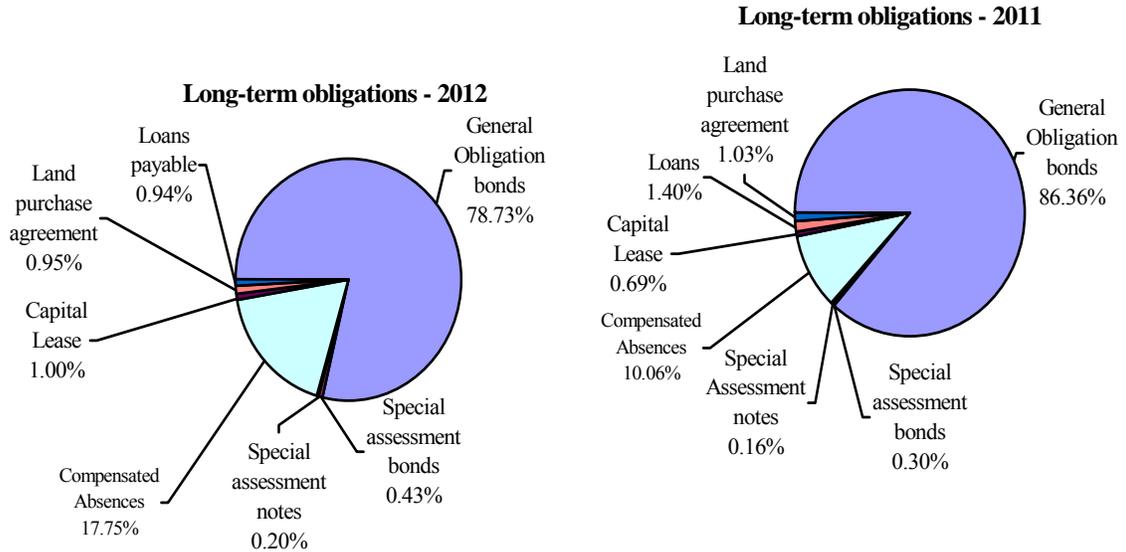
	Outstanding Debt at Year End	
	Governmental Activities 2012	Governmental Activities 2011
Long-Term Obligations		
General obligation bonds	\$ 5,190,000	\$ 10,451,670
Special assessment bonds	28,134	36,607
Special assessment notes	12,924	18,907
Loans payable	61,801	170,000
Land purchase agreement	62,536	124,285
Compensated absences	1,169,783	1,217,659
Capital leases	65,645	84,048
Total	\$ 6,590,823	\$ 12,103,176

See Note 12 to the basic financial statements for detail on outstanding debt.

CLINTON COUNTY, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
UNAUDITED**

A comparison of the governmental long-term obligations by category is depicted in the charts that follow:



Economic Factors and Next Year's Budgets and Rates

The County's population is an estimated 43,058. At the close of 2012, the County's unemployment rate was 9.6%, compared to the 7.0% State average and the 7.8% national average.

These economic factors were considered in preparing the County's budget for 2013. Budgeted revenues and other financing sources in the general fund for the 2013 budget are approximately \$14,431,083. With the continuation of conservative budgeting practices, the County's financial position should remain stable in future years.

Contacting the County's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the County's 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 the Honorable Terence Habermehl, Clinton County Auditor, at 46 S. South Street, Wilmington, Ohio 45177-2296.

CLINTON COUNTY, OHIO

STATEMENT OF NET POSITION
DECEMBER 31, 2012

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Orion Rehab Center	Port Authority
Assets:					
Equity in pooled cash and cash equivalents	\$ 30,529,617	\$ -	\$ 30,529,617	\$ 308,658	\$ 3,633,896
Cash and cash equivalents in segregated accounts	-	1,731,160	1,731,160	-	-
Cash with escrow agent	12,166,676	-	12,166,676	-	-
Cash with fiscal agent	465,521	-	465,521	-	-
Investments in segregated accounts	-	1,925,211	1,925,211	-	-
Receivables:					
Sales taxes	1,734,523	-	1,734,523	-	-
Real and other taxes	6,587,232	-	6,587,232	-	-
Accounts	38,481	-	38,481	12,957	151,914
Notes	13,600,000	-	13,600,000	-	-
Special assessments	111,234	-	111,234	-	-
Accrued interest	151,052	-	151,052	-	-
Due from other governments	4,773,160	-	4,773,160	-	6,359
Materials and supplies inventory	61,726	-	61,726	-	3,570
Prepayments	104,619	-	104,619	-	-
Capital assets:					
Land and construction in progress	1,206,832	-	1,206,832	-	19,088,500
Depreciable capital assets, net	42,017,694	-	42,017,694	12,595	57,840,477
Total capital assets, net	43,224,526	-	43,224,526	12,595	76,928,977
Total assets	113,548,367	3,656,371	117,204,738	334,210	80,724,716
Deferred outflows of resources:					
Unamortized deferred charges on refunding	73,069	-	73,069	-	-
Liabilities:					
Accounts payable	1,046,070	779,393	1,825,463	-	303,667
Accrued wages and benefits payable	507,878	-	507,878	9,587	-
Due to other governments	316,289	-	316,289	-	12,647
Accrued interest payable	16,080	-	16,080	-	-
Amount to be repaid to claimants	57,438	-	57,438	-	-
Deposits held and due to others	-	-	-	-	68,748
Property taxes payable	-	-	-	-	46,053
Long-term liabilities:					
Due within one year	1,181,889	-	1,181,889	-	1,234,391
Due in more than one year	5,438,044	-	5,438,044	-	-
Total liabilities	8,563,688	779,393	9,343,081	9,587	1,665,506
Deferred inflows of resources:					
Property taxes levied for the next fiscal year	5,888,255	-	5,888,255	-	-
Net position:					
Net investment in capital assets	37,950,304	-	37,950,304	12,595	75,694,586
Restricted for:					
Capital projects	51,328	-	51,328	-	-
Debt service	14,300	-	14,300	-	-
Transportation projects	3,101,825	-	3,101,825	-	-
Public service programs	4,092,318	-	4,092,318	-	-
Community development programs	8,231,779	-	8,231,779	-	-
Other purposes	6,339,494	-	6,339,494	-	-
Unrestricted	39,388,145	2,876,978	42,265,123	312,028	3,364,624
Total net position	\$ 99,169,493	\$ 2,876,978	\$ 102,046,471	\$ 324,623	\$ 79,059,210

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CLINTON COUNTY, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
General government:				
Legislative and executive.	\$ 6,454,794	\$ 1,242,578	\$ 22,870	\$ -
Judicial.	1,953,210	379,762	137,905	-
Public safety	5,217,855	874,287	419,314	-
Public works	6,314,067	725,707	5,386,301	342,238
Health.	4,320,405	208,018	1,547,415	-
Human services	6,833,253	164,333	4,877,552	-
Conservation and recreation	111,866	-	106,821	-
Economic development and assistance	871,277	-	629,694	-
Other	563,680	-	26,480	-
Interest and fiscal charges.	336,187	-	-	-
Total governmental activities	<u>32,976,594</u>	<u>3,594,685</u>	<u>13,154,352</u>	<u>342,238</u>
Business-type activities:				
Former County Hospital	147,925	-	-	-
Total business-type activities	<u>147,925</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 33,124,519</u>	<u>\$ 3,594,685</u>	<u>\$ 13,154,352</u>	<u>\$ 342,238</u>
Component units:				
ORION Rehabilitation Center	\$ 304,956	\$ 139,000	\$ 149,574	\$ -
Port Authority	8,195,063	3,451,593	2,456,327	-
Total component units.	<u>8,500,019</u>	<u>3,590,593</u>	<u>2,605,901</u>	<u>-</u>

General revenues:

Property taxes levied for:

General fund.	
Legislative and executive - Real Estate Assessment	
Health - County Board of DD	
Human Services - Children Services.	
Sales taxes and other taxes	
Grants and entitlements not restricted to specific programs	
Investment earnings.	
Miscellaneous	
Total general revenues	

Change in net position

Net position at beginning of year (restated)

Net position at end of year.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Orion Rehab Center	Port Authority
\$ (5,189,346)	\$ -	\$ (5,189,346)	\$ -	\$ -
(1,435,543)	-	(1,435,543)	-	-
(3,924,254)	-	(3,924,254)	-	-
140,179	-	140,179	-	-
(2,564,972)	-	(2,564,972)	-	-
(1,791,368)	-	(1,791,368)	-	-
(5,045)	-	(5,045)	-	-
(241,583)	-	(241,583)	-	-
(537,200)	-	(537,200)	-	-
(336,187)	-	(336,187)	-	-
<u>(15,885,319)</u>	<u>-</u>	<u>(15,885,319)</u>	<u>-</u>	<u>-</u>
-	(147,925)	(147,925)	-	-
-	(147,925)	(147,925)	-	-
<u>(15,885,319)</u>	<u>(147,925)</u>	<u>(16,033,244)</u>	<u>-</u>	<u>-</u>
			(16,382)	-
			<u>-</u>	<u>(2,287,143)</u>
			<u>(16,382)</u>	<u>(2,287,143)</u>
2,086,624	-	2,086,624	-	-
530,514	-	530,514	-	-
2,881,463	-	2,881,463	-	-
1,066,286	-	1,066,286	-	-
6,763,400	-	6,763,400	-	-
1,454,242	-	1,454,242	-	-
551,147	1,570	552,717	962	2
693,243	1,058,922	1,752,165	2,070	2,711,208
<u>16,026,919</u>	<u>1,060,492</u>	<u>17,087,411</u>	<u>3,032</u>	<u>2,711,210</u>
141,600	912,567	1,054,167	(13,350)	424,067
<u>99,027,893</u>	<u>1,964,411</u>	<u>100,992,304</u>	<u>337,973</u>	<u>78,635,143</u>
<u>\$ 99,169,493</u>	<u>\$ 2,876,978</u>	<u>\$ 102,046,471</u>	<u>\$ 324,623</u>	<u>\$ 79,059,210</u>

CLINTON COUNTY, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2012

	General	Children Services Board	County Board of DD	Motor Vehicle & Gas Tax
Assets:				
Equity in pooled cash and cash equivalents . . .	\$ 2,090,637	\$ 1,431,315	\$ 7,351,699	\$ 1,689,168
Cash with escrow agent	12,166,676	-	-	-
Cash with fiscal agent	-	-	465,521	-
Receivables:				
Sales taxes	1,734,523	-	-	-
Real and other taxes	2,102,148	1,331,864	3,153,220	-
Accounts	28,290	-	-	-
Notes	13,600,000	-	-	-
Special assessments	-	-	-	-
Accrued interest	151,052	-	-	-
Due from other funds	35,715	-	-	17,756
Due from other governments	517,395	136,731	323,647	1,937,589
Loans to other funds	3,686,988	-	-	-
Prepayments	90,141	-	2,237	1,500
Materials and supplies inventory	20,269	-	-	38,900
Total assets	<u>\$ 36,223,834</u>	<u>\$ 2,899,910</u>	<u>\$ 11,296,324</u>	<u>\$ 3,684,913</u>
Liabilities:				
Accounts payable	\$ 225,536	\$ 65,709	\$ 51,100	\$ 14,888
Accrued wages and benefits payable	267,856	-	62,504	64,843
Compensated absences payable	27,729	-	-	-
Due to other funds	16,597	9,881	-	-
Due to other governments	170,529	-	58,028	38,339
Loans from other funds	-	-	-	-
Amount to be repaid to claimants	57,438	-	-	-
Total liabilities	<u>765,685</u>	<u>75,590</u>	<u>171,632</u>	<u>118,070</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year . . .	1,879,086	1,190,540	2,818,629	-
Delinquent property tax revenue not available . .	190,898	120,946	286,346	-
Accrued interest not available	6,184	-	-	-
Special assessments revenue not available	-	-	-	-
Sales tax revenue not available	664,352	-	-	-
Nonexchange transactions	316,948	50,745	168,137	1,168,166
Unavailable grant revenue	-	2,538	33,221	-
Hospital sale	13,600,000	-	-	-
Total deferred inflows of resources	<u>16,657,468</u>	<u>1,364,769</u>	<u>3,306,333</u>	<u>1,168,166</u>
Fund balances:				
Nonspendable	12,630,741	-	2,237	40,400
Restricted	-	1,459,551	7,816,122	2,358,277
Committed	87,355	-	-	-
Assigned	644,219	-	-	-
Unassigned (deficit)	5,438,366	-	-	-
Total fund balances	<u>18,800,681</u>	<u>1,459,551</u>	<u>7,818,359</u>	<u>2,398,677</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 36,223,834</u>	<u>\$ 2,899,910</u>	<u>\$ 11,296,324</u>	<u>\$ 3,684,913</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Public Assistance	Workforce Development	Martinsville-Midland Sewer	Other Governmental Funds	Total Governmental Funds
\$ 387,946	\$ 170,333	\$ 413,263	\$ 16,869,130	\$ 30,403,491
-	-	-	-	12,166,676
-	-	-	-	465,521
-	-	-	-	1,734,523
-	-	-	-	6,587,232
-	-	2,866	7,325	38,481
-	-	-	-	13,600,000
-	-	-	111,234	111,234
-	-	-	-	151,052
-	-	-	-	53,471
234,206	1,066,634	-	556,958	4,773,160
-	-	-	-	3,686,988
6,811	-	-	3,930	104,619
1,085	-	-	1,472	61,726
<u>\$ 630,048</u>	<u>\$ 1,236,967</u>	<u>\$ 416,129</u>	<u>\$ 17,550,049</u>	<u>\$ 73,938,174</u>
\$ 21,202	\$ 212,725	\$ 15,408	\$ 439,102	\$ 1,045,670
78,579	-	-	31,445	505,227
1,396	-	-	2,145	31,270
2,816	-	-	24,177	53,471
29,707	-	5	18,601	315,209
-	-	3,281,336	405,652	3,686,988
-	-	-	-	57,438
<u>133,700</u>	<u>212,725</u>	<u>3,296,749</u>	<u>921,122</u>	<u>5,695,273</u>
-	-	-	-	5,888,255
-	-	-	-	598,190
-	-	-	-	6,184
-	-	-	111,234	111,234
-	-	-	-	664,352
-	-	-	-	1,703,996
-	816,337	-	15,902	867,998
-	-	-	-	13,600,000
<u>-</u>	<u>816,337</u>	<u>-</u>	<u>127,136</u>	<u>23,440,209</u>
7,896	-	-	5,402	12,686,676
488,452	207,905	-	3,458,432	15,788,739
-	-	-	7,158,050	7,245,405
-	-	-	6,049,565	6,693,784
-	-	(2,880,620)	(169,658)	2,388,088
<u>496,348</u>	<u>207,905</u>	<u>(2,880,620)</u>	<u>16,501,791</u>	<u>44,802,692</u>
<u>\$ 630,048</u>	<u>\$ 1,236,967</u>	<u>\$ 416,129</u>	<u>\$ 17,550,049</u>	<u>\$ 73,938,174</u>

THIS PAGE IS INTENTIONALLY LEFT BLANK

CLINTON COUNTY, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2012

Total governmental fund balances		\$	44,802,692
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			43,224,526
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Sales taxes receivable	\$	664,352	
Real and other taxes receivable		598,190	
Intergovernmental receivable		2,571,994	
Special assessments receivable		111,234	
Accrued interest receivable		6,184	
Note receivable - sale of hospital		13,600,000	
Total		17,551,954	17,551,954
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.			114,630
On the statement of net position interest is accrued on outstanding bonds and loans payable, whereas in the governmental funds, interest is accrued when due.			(16,080)
Unamortized deferred amounts on refundings are not recognized in the governmental funds.			73,069
Unamortized premiums on bond issuances are not recognized in the governmental funds.			(29,110)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences		(1,131,148)	
Special assessments		(41,058)	
Capital lease payable		(65,645)	
General obligation bonds payable		(5,190,000)	
Loan payable		(61,801)	
Land purchase agreement		(62,536)	
Total		(6,552,188)	(6,552,188)
Net position of governmental activities		\$	99,169,493

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CLINTON COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>General</u>	<u>Children Services Board</u>	<u>County Board of DD</u>	<u>Motor Vehicle & Gas Tax</u>
Revenues:				
Real and other taxes	\$ 2,130,403	\$ 1,093,827	\$ 2,946,707	\$ -
Sales taxes	6,711,478	-	-	66,566
Charges for services	1,864,873	27,799	67,126	-
Licenses and permits	2,969	-	-	-
Fines and forfeitures	74,059	-	-	187,643
Intergovernmental	1,223,447	1,664,376	1,876,934	5,110,946
Special assessments	-	-	-	-
Investment income	559,719	-	6,899	-
Rental income	255,509	-	-	-
Other	693,243	14,544	5,246	309,547
Total revenues	<u>13,515,700</u>	<u>2,800,546</u>	<u>4,902,912</u>	<u>5,674,702</u>
Expenditures:				
Current:				
General government:				
Legislative and executive	5,777,294	-	-	-
Judicial	1,844,329	-	-	-
Public safety	4,698,562	-	-	-
Public works	383,444	-	-	4,299,524
Health	85,568	-	4,044,704	-
Human services	329,980	2,630,978	-	-
Conservation and recreation	-	-	-	-
Economic development and assistance	-	-	-	-
Other	492,417	-	-	-
Capital outlay	-	-	-	1,270,186
Debt service:				
Principal retirement	84,300	-	-	2,424
Interest and fiscal charges	7,451	-	-	1,035
Total expenditures	<u>13,703,345</u>	<u>2,630,978</u>	<u>4,044,704</u>	<u>5,573,169</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(187,645)</u>	<u>169,568</u>	<u>858,208</u>	<u>101,533</u>
Other financing sources (uses):				
Loan issuance	-	-	-	-
Capital lease transaction	-	-	-	6,572
Transfers in	3,013,621	-	-	1,491
Transfers (out)	(6,351,580)	-	(250,000)	-
Proceeds from sale of hospital	1,700,000	-	-	-
Other financing sources	-	-	-	-
Other financing (uses)	-	-	-	-
Total other financing sources (uses)	<u>(1,637,959)</u>	<u>-</u>	<u>(250,000)</u>	<u>8,063</u>
Net change in fund balances	(1,825,604)	169,568	608,208	109,596
Fund balances at beginning of year	<u>20,626,285</u>	<u>1,289,983</u>	<u>7,210,151</u>	<u>2,289,081</u>
Fund balances (deficit) at end of year	<u>\$ 18,800,681</u>	<u>\$ 1,459,551</u>	<u>\$ 7,818,359</u>	<u>\$ 2,398,677</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Public Assistance	Workforce Development	Martinsville-Midland Sewer	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 534,479	\$ 6,705,416
-	-	-	-	6,778,044
-	-	211,161	621,390	2,792,349
-	-	-	27,821	30,790
-	-	-	104,981	366,683
2,137,767	863,941	-	2,135,818	15,013,229
-	-	36,071	104,832	140,903
-	-	-	335	566,953
-	-	-	-	255,509
846	-	1	142,584	1,166,011
<u>2,138,613</u>	<u>863,941</u>	<u>247,233</u>	<u>3,672,240</u>	<u>33,815,887</u>
-	-	-	481,159	6,258,453
-	-	-	113,010	1,957,339
-	-	-	461,805	5,160,367
-	-	86,531	276,403	5,045,902
-	-	-	132,752	4,263,024
2,022,674	998,804	-	805,461	6,787,897
-	-	-	111,866	111,866
-	-	-	868,644	868,644
-	-	-	46,404	538,821
-	-	-	663,969	1,934,155
-	-	3,281,336	2,164,790	5,532,850
-	-	-	364,151	372,637
<u>2,022,674</u>	<u>998,804</u>	<u>3,367,867</u>	<u>6,490,414</u>	<u>38,831,955</u>
<u>115,939</u>	<u>(134,863)</u>	<u>(3,120,634)</u>	<u>(2,818,174)</u>	<u>(5,016,068)</u>
-	-	-	61,801	61,801
-	-	-	-	6,572
-	-	-	6,600,089	9,615,201
-	-	-	(3,013,621)	(9,615,201)
-	-	-	-	1,700,000
1,650,355	-	-	-	1,650,355
<u>(1,650,355)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,650,355)</u>
-	-	-	3,648,269	1,768,373
115,939	(134,863)	(3,120,634)	830,095	(3,247,695)
380,409	342,768	240,014	15,671,696	48,050,387
<u>\$ 496,348</u>	<u>\$ 207,905</u>	<u>\$ (2,880,620)</u>	<u>\$ 16,501,791</u>	<u>\$ 44,802,692</u>

CLINTON COUNTY, OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012

Net change in fund balances - total governmental funds	\$	(3,247,695)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeds depreciation expense in the current period.		
Capital asset additions	\$ 2,512,417	
Current year depreciation	<u>(2,166,880)</u>	
Total		345,537
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net assets.		
		(141,212)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Sales taxes	(14,644)	
Real and other taxes	(136,564)	
Intergovernmental revenues	(542,398)	
Special assessments	4,485	
Investment income	(8,572)	
Sale of hospital	<u>(1,700,000)</u>	
Total		(2,397,693)
Proceeds of capital leases and loans are reported as an other financing source in the governmental funds, however, in the statement of activities, they are not reported as revenues as they increase the liabilities on the statement of net position.		
		(68,373)
Repayment of bond, loan and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		5,532,850
In the statement of activities, interest is accrued on outstanding bonds and loans, whereas in governmental funds, an interest expenditure is reported when due.		
Decrease in accrued interest payable	9,839	
Amortization of deferred amounts on refunding	(10,438)	
Amortization of bond premiums	<u>37,049</u>	
Total		36,450
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		78,759
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the government-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		<u>2,977</u>
Change in net position of governmental activities	\$	<u>141,600</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CLINTON COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2012

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Real and other taxes	\$ 2,413,580	\$ 2,144,076	\$ 2,144,076	\$ -
Sales taxes	5,247,632	8,089,427	6,733,839	(1,355,588)
Charges for services	1,126,355	1,736,319	1,445,355	(290,964)
Licenses and permits	2,314	3,567	2,969	(598)
Fines and forfeitures	59,930	92,384	76,903	(15,481)
Intergovernmental	901,473	1,389,655	1,156,783	(232,872)
Investment income	379,861	585,570	487,443	(98,127)
Rental income	192,576	296,863	247,116	(49,747)
Other	563,665	868,911	723,303	(145,608)
Total revenues	10,887,386	15,206,772	13,017,787	(2,188,985)
Expenditures:				
Current:				
General government:				
Legislative and executive	5,291,254	5,931,444	5,725,034	206,410
Judicial	1,927,282	2,014,728	1,941,792	72,936
Public safety	4,308,481	4,550,991	4,409,767	141,224
Public works	143,578	324,788	319,806	4,982
Health	90,419	90,431	89,431	1,000
Human services	404,013	398,523	333,192	65,331
Other	376,250	509,441	492,417	17,024
Total expenditures	12,541,277	13,820,346	13,311,439	508,907
Excess (deficiency) of revenues over (under) expenditures	(1,653,891)	1,386,426	(293,652)	(1,680,078)
Other financing sources (uses):				
Advances in and not repaid	-	-	74,250	74,250
Advances (out) and not repaid	-	(3,281,336)	(3,355,586)	(74,250)
Transfers in	-	-	3,013,621	3,013,621
Transfers (out)	(246,376)	(6,460,749)	(6,452,516)	8,233
Proceeds from sale of hospital	3,406,361	5,251,036	4,371,092	(879,944)
Total other financing sources (uses)	3,159,985	(4,491,049)	(2,349,139)	2,141,910
Net change in fund balances	1,506,094	(3,104,623)	(2,642,791)	461,832
Fund balances at beginning of year	3,347,726	3,347,726	3,347,726	-
Prior year encumbrances appropriated	305,062	305,062	305,062	-
Fund balance at end of year	\$ 5,158,882	\$ 548,165	\$ 1,009,997	\$ 461,832

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CLINTON COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 CHILDREN SERVICES BOARD
 FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Real and other taxes.	\$ 1,014,688	\$ 1,102,390	\$ 1,102,390	\$ -
Charges for services.	58,614	30,193	33,321	3,128
Intergovernmental.	2,866,496	1,476,591	1,629,542	152,951
Other	35,644	18,361	20,263	1,902
Total revenues	<u>3,975,442</u>	<u>2,627,535</u>	<u>2,785,516</u>	<u>157,981</u>
Expenditures:				
Current:				
Human services.	2,732,050	2,757,800	2,683,876	73,924
Total expenditures	<u>2,732,050</u>	<u>2,757,800</u>	<u>2,683,876</u>	<u>73,924</u>
Net change in fund balances	1,243,392	(130,265)	101,640	231,905
Fund balances at beginning of year	1,283,506	1,283,506	1,283,506	-
Fund balance at end of year	<u>\$ 2,526,898</u>	<u>\$ 1,153,241</u>	<u>\$ 1,385,146</u>	<u>\$ 231,905</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CLINTON COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 COUNTY BOARD OF DEVELOPMENTAL DISABILITIES
 FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Real and other taxes.	\$ 2,663,034	\$ 2,967,003	\$ 2,967,003	\$ -
Charges for services.	105,873	66,956	67,126	170
Intergovernmental.	2,776,404	1,755,827	1,760,298	4,471
Investment income.	483	305	306	1
Other	8,443	5,339	5,353	14
Total revenues	<u>5,554,237</u>	<u>4,795,430</u>	<u>4,800,086</u>	<u>4,656</u>
Expenditures:				
Current:				
Health	4,543,872	4,582,865	4,048,466	534,399
Total expenditures	<u>4,543,872</u>	<u>4,582,865</u>	<u>4,048,466</u>	<u>534,399</u>
Excess of revenues over expenditures	1,010,365	212,565	751,620	539,055
Other financing sources (uses):				
Transfers in	-	361,100	350,000	(11,100)
Transfers (out).	-	(1,200,000)	(600,000)	600,000
Total other financing sources (uses)	<u>-</u>	<u>(838,900)</u>	<u>(250,000)</u>	<u>588,900</u>
Net change in fund balances	1,010,365	(626,335)	501,620	1,127,955
Fund balances at beginning of year	6,550,315	6,550,315	6,550,315	-
Prior year encumbrances appropriated	94,544	94,544	94,544	-
Fund balance at end of year	<u>\$ 7,655,224</u>	<u>\$ 6,018,524</u>	<u>\$ 7,146,479</u>	<u>\$ 1,127,955</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CLINTON COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 MOTOR VEHICLE AND GAS TAX
 FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Sales taxes	\$ 70,583	\$ 69,094	\$ 69,094	\$ -
Fines and forfeitures	208,158	203,765	203,765	-
Intergovernmental.	3,743,149	3,664,161	3,664,161	-
Other	311,610	305,034	305,034	-
Total revenues	<u>4,333,500</u>	<u>4,242,054</u>	<u>4,242,054</u>	<u>-</u>
Expenditures:				
Current:				
Public works	5,778,024	5,691,502	4,682,527	1,008,975
Total expenditures	<u>5,778,024</u>	<u>5,691,502</u>	<u>4,682,527</u>	<u>1,008,975</u>
Excess of expenditures over revenues	<u>(1,444,524)</u>	<u>(1,449,448)</u>	<u>(440,473)</u>	<u>1,008,975</u>
Other financing sources:				
Transfers in	-	1,491	1,491	-
Total other financing sources	<u>-</u>	<u>1,491</u>	<u>1,491</u>	<u>-</u>
Net change in fund balances	(1,444,524)	(1,447,957)	(438,982)	1,008,975
Fund balances at beginning of year	1,748,114	1,748,114	1,748,114	-
Prior year encumbrances appropriated	174,952	174,952	174,952	-
Fund balance at end of year	<u>\$ 478,542</u>	<u>\$ 475,109</u>	<u>\$ 1,484,084</u>	<u>\$ 1,008,975</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CLINTON COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 PUBLIC ASSISTANCE
 FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 2,373,167	\$ 2,012,083	\$ 2,066,839	\$ 54,756
Other	971	824	846	22
Total revenues	<u>2,374,138</u>	<u>2,012,907</u>	<u>2,067,685</u>	<u>54,778</u>
Expenditures:				
Current:				
Human services	2,457,155	2,363,098	2,034,713	328,385
Total expenditures	<u>2,457,155</u>	<u>2,363,098</u>	<u>2,034,713</u>	<u>328,385</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(83,017)</u>	<u>(350,191)</u>	<u>32,972</u>	<u>383,163</u>
Other financing sources (uses):				
Other financing sources	1,894,955	1,606,633	1,650,355	43,722
Other financing (uses)	<u>(1,894,955)</u>	<u>(1,606,633)</u>	<u>(1,650,355)</u>	<u>(43,722)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(83,017)	(350,191)	32,972	383,163
Fund balances at beginning of year	<u>354,974</u>	<u>354,974</u>	<u>354,974</u>	<u>-</u>
Fund balance at end of year	<u>\$ 271,957</u>	<u>\$ 4,783</u>	<u>\$ 387,946</u>	<u>\$ 383,163</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CLINTON COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 WORKFORCE DEVELOPMENT
 FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 1,396,364	\$ 569,832	\$ 648,329	\$ 78,497
Total revenues	<u>1,396,364</u>	<u>569,832</u>	<u>648,329</u>	<u>78,497</u>
Expenditures:				
Current:				
Human services	486,000	2,007,500	843,661	1,163,839
Total expenditures	<u>486,000</u>	<u>2,007,500</u>	<u>843,661</u>	<u>1,163,839</u>
Net change in fund balances	910,364	(1,437,668)	(195,332)	1,242,336
Fund balances at beginning of year	<u>365,665</u>	<u>365,665</u>	<u>365,665</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ 1,276,029</u>	<u>\$ (1,072,003)</u>	<u>\$ 170,333</u>	<u>\$ 1,242,336</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CLINTON COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 MARTINSVILLE-MIDLAND SEWER
 FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Charges for services	\$ 205,429	\$ 206,991	\$ 208,295	\$ 1,304
Special assessments	35,575	35,845	36,071	226
Other	1	1	1	-
Total revenues	<u>241,005</u>	<u>242,837</u>	<u>244,367</u>	<u>1,530</u>
Expenditures:				
Current:				
Public works	235,579	234,326	113,325	121,001
Debt service:				
Principal retirement.	-	-	3,281,336	(3,281,336)
Total expenditures	<u>235,579</u>	<u>234,326</u>	<u>3,394,661</u>	<u>(3,160,335)</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>5,426</u>	<u>8,511</u>	<u>(3,150,294)</u>	<u>(3,158,805)</u>
Other financing sources:				
Advances in and not repaid	-	-	3,281,336	3,281,336
Total other financing sources.	<u>-</u>	<u>-</u>	<u>3,281,336</u>	<u>3,281,336</u>
Net change in fund balances	5,426	8,511	131,042	122,531
Fund balances at beginning of year	<u>224,098</u>	<u>224,098</u>	<u>224,098</u>	<u>-</u>
Prior year encumbrances appropriated	<u>27,279</u>	<u>27,279</u>	<u>27,279</u>	<u>-</u>
Fund balance at end of year	<u>\$ 256,803</u>	<u>\$ 259,888</u>	<u>\$ 382,419</u>	<u>\$ 122,531</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CLINTON COUNTY, OHIO

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 DECEMBER 31, 2012

	Business-Type Activity - Former County Hospital Enterprise Fund	Governmental Activities - Health Insurance Depository Internal Service Fund
	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
Assets:		
Current assets:		
Equity in pooled cash and cash equivalents.	\$ -	\$ 126,126
Cash and cash equivalents in segregated accounts.	1,731,160	
Investments in segregated accounts.	<u>1,925,211</u>	<u>-</u>
Total assets	<u>3,656,371</u>	<u>126,126</u>
Liabilities:		
Current liabilities:		
Accounts payable.	779,393	400
Accrued wages and benefits payable	-	2,651
Due to other governments	-	1,080
Compensated absences payable - current.	<u>-</u>	<u>7,365</u>
Total liabilities	<u>779,393</u>	<u>11,496</u>
Net position:		
Unrestricted	<u>2,876,978</u>	<u>114,630</u>
Total net position.	<u>\$ 2,876,978</u>	<u>\$ 114,630</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CLINTON COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Business-Type Activity - Former County Hospital Enterprise Fund	Governmental Activities - Health Insurance Depository Internal Service Fund
Operating revenues:		
Charges for services	\$ -	\$ 3,853,875
Other operating revenues	-	272,604
Total operating revenues.	<u>-</u>	<u>4,126,479</u>
Operating expenses:		
Personal services.	-	62,846
Contract services.	-	200
Materials and supplies	-	1,133
Administrative costs	-	16,012
Insurance.	-	4,042,718
Other.	-	593
Total operating expenses	<u>-</u>	<u>4,123,502</u>
Operating income.	<u>-</u>	<u>2,977</u>
Nonoperating revenues (expenses):		
Interest income.	1,570	-
Other nonoperating revenues.	1,058,922	-
Other nonoperating (expenses)	(147,925)	-
Total nonoperating revenues (expenses)	<u>912,567</u>	<u>-</u>
Change in net position	912,567	2,977
Net position at beginning of year	<u>1,964,411</u>	<u>111,653</u>
Net position at end of year	<u>\$ 2,876,978</u>	<u>\$ 114,630</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CLINTON COUNTY, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2012

	Business-Type Activity - Former County Hospital Enterprise Fund	Governmental Activities - Health Insurance Depository Internal Service Fund
Cash flows from operating activities:		
Cash received from service charges.	\$ -	\$ 3,853,913
Cash received from other receipts, net	-	277,813
Cash payments for personal services.	-	(60,225)
Cash payments for contractual services	-	(440)
Cash payments for materials and supplies	-	(1,133)
Cash payments for insurance.	-	(4,042,718)
Cash payments for administrative costs	-	(16,177)
Cash payments for other expenses.	-	(593)
Net cash provided by operating activities.	<u>-</u>	<u>10,440</u>
Cash flows from noncapital financing activities:		
Nonoperating revenues.	899,780	-
Nonoperating (expenses).	<u>(317,163)</u>	<u>-</u>
Net cash provided by noncapital financing activities.	<u>582,617</u>	<u>-</u>
Cash flows from investing activities:		
Change in investments, net	23,835	-
Interest received	<u>1,570</u>	<u>-</u>
Net cash provided by investing activities.	<u>25,405</u>	<u>-</u>
Net increase in cash and cash equivalents	608,022	10,440
Cash and cash equivalents at beginning of year	1,123,438	115,686
Cash and cash equivalents at end of year	<u>\$ 1,731,460</u>	<u>\$ 126,126</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ -	\$ 2,977
Changes in assets and liabilities:		
Decrease in accounts receivable.	-	5,247
(Decrease) in accounts payable	-	(725)
Increase in accrued wages and benefits	-	1,415
Increase in due to other governments	-	248
Increase in compensated absences payable	-	1,278
Net cash provided by operating activities	<u>\$ -</u>	<u>\$ 10,440</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CLINTON COUNTY, OHIO

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2012

	Private-Purpose Trust	
	<u>Scholarship</u>	<u>Agency</u>
Assets:		
Equity in pooled cash and cash equivalents	\$ 10,876	\$ 5,243,457
Cash in segregated accounts.	-	556,588
Receivables:		
Real and other taxes.	-	31,008,571
Special assessments	-	317,421
Due from other governments	-	1,794,961
	<hr/>	<hr/>
Total assets.	10,876	\$ 38,920,998
	<hr/>	<hr/>
Liabilities:		
Due to other governments	-	\$ 1,990,362
Deposits held and due to others	-	36,930,636
Total liabilities	-	\$ 38,920,998
	<hr/>	<hr/>
Net position:		
Held in trust for scholarships.	10,876	
Total net position	<u>\$ 10,876</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CLINTON COUNTY, OHIO

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Private-Purpose Trust</u>
	<u>Scholarship</u>
Additions:	
Interest	\$ 5
Contributions and donations	20,000
Total additions	<u>20,005</u>
Deductions:	
Benefits	19,994
Total deductions	<u>19,994</u>
Change in net position	11
Net position at beginning of year	<u>10,865</u>
Net position at end of year	<u>\$ 10,876</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CLINTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 1 - DESCRIPTION OF THE COUNTY

Clinton County, Ohio (the "County") was created in 1812. The County is governed by a Board of three commissioners elected by the voters of the County. The County Commissioners serve as the taxing authority, the contracting body, and the chief administrators of public services for 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, two common pleas court judges, a probate court judge and a county municipal court judge.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The Former County Hospital (the "Hospital") enterprise fund's financial information is presented in conformity with generally accepted accounting principles as recommended by the Audit Guide (Health Care Organizations) published by the American Institute of Certified Public Accountants. The Hospital applies the provisions of all relevant pronouncements, including those issued after November 30, 1989.

The most significant of the County's accounting policies are described below.

A. Reporting Entity

The County's reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity", as amended by GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units". The basic financial statements include all funds, agencies, boards, commissions, and component units for which the County and the County Commissioners are "accountable". Accountability as defined in GASB Statement No. 14 was evaluated based on financial accountability, the nature and significance of the potential component unit's (PCU) relationship with the County and whether exclusion would cause the County's basic financial statements to be misleading or incomplete. Among the factors considered were separate legal standing; appointment of a voting majority of the PCU's Board; fiscal dependency and whether a benefit or burden relationship exists; imposition of will; and the nature and significance of the PCU's relationship with the County. GASB Statement No. 39 amends GASB Statement No. 14 to include PCU's that raise and hold economic resources for the direct benefit of the County as a component unit. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the financial statements incomplete or misleading.

Based on the foregoing criteria, the financial activities of the following PCU's have been reflected in the accompanying basic financial statements as:

BLENDED COMPONENT UNITS

Certain funds are legally separate from the County; however, their activity is so intertwined with that of the County that they are reported as part of the County. The following funds have been included or blended into the County's basic financial statements:

CLINTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

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

Local Emergency Planning Commission (LEPC) - The LEPC is a legally separate entity from the County. The County Commissioners do not appoint a voting majority of the LEPC's Board. The LEPC is fiscally independent from the County; however, it would be misleading to exclude the LEPC's operations from that of the County since the LEPC provides services entirely for the benefit of the County. The operations of the LEPC are accounted for as a separate special revenue fund.

Clinton County Solid Waste District (District) - The District is a legally separate entity from the County. By state statute, the County Commissioners comprise the District's entire Board. The County is able to impose its will upon the District as the County Commissioners approve and/or modify the District's budget. The District's Board is substantively the same as the County's. The operations of the District are accounted for as a separate special revenue fund.

DISCRETELY PRESENTED COMPONENT UNITS

ORION Rehabilitation Center, Inc. - The ORION Rehabilitation Center, Inc. (the "Workshop") is a legally separate, nonprofit corporation, served by a self-appointing board of trustees. The Workshop, under a contractual agreement with the Clinton County Board of Developmental Disabilities (DD), provides sheltered employment for adults with developmental disabilities in Clinton County. The Clinton County Board of DD provides the Workshop staff, salaries, transportation, equipment (except that used directly in the production of goods or rendering of services), staff to administer and supervise training programs, and other funds as necessary for the operation of the Workshop. Based on the significant services and resources provided by the County to the Workshop and the Workshop's sole purpose of providing assistance to developmentally disabled adults of Clinton County, the Workshop is reflected as a component unit of the County. It is reported separately to emphasize that it is legally separate from the County.

Clinton County Port Authority - The Clinton County Port Authority (the "Authority") was created by the Clinton County Board of Commissioners in September 2004 to enhance economic development in Clinton County. The Authority is created in accordance with Section 4582.22 of the Ohio Revised Code. The purpose of the Authority is to undertake projects that create or preserve jobs and employment opportunities; that improve and sustain the economic welfare of Clinton County and its residents, and that enhance, aid and promote transportation, housing, recreation, education, governmental operations and culture within the territory served. The Authority is considered a component unit of the County as the County can impose its will on the Authority through the appointment of the members of the Board of Directors.

RELATED ORGANIZATIONS

County officials are also responsible for appointing the members of the Boards of other organizations, but the County's accountability for these organizations does not extend beyond making the appointments of the following organizations:

Clinton County Regional Planning Commission - The Board of County Commissioners appoints 11 of the 20 board members.

Clinton County Regional Airport Authority - The Board of County Commissioners appoints all nine of the Board members.

CLINTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

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

POTENTIAL COMPONENT UNITS REPORTED AS AGENCY FUNDS

In the case of the separate agencies, boards, and commissions listed below, the County serves as fiscal agent and custodian, but is not accountable as defined in GASB Statement No. 14; therefore, the operations of the following PCU's have been excluded from the County's BFS, but the funds held on behalf of these PCU's in the County Treasury are included in the agency funds.

Clinton County Emergency Management
Clinton County Soil and Water Conservation District
Clinton County Board of Health
Clinton County Regional Planning Commission
Clinton County Law Library

Information in the notes to the BFS is applicable to the primary government. When information is provided relative to component units, it is specifically identified.

JOINTLY GOVERNED ORGANIZATION

The County is a member of the Southern Ohio Council of Governments (the SOCOG), which is a jointly governed organization under Ohio Revised Code Section 167.01. The governing body consists of a fifteen member Board with each participating County represented by its Director of its Board of Developmental Disabilities (DD). Member counties include: Adams, Athens, Brown, Clinton, Fayette, Gallia, Highland, Jackson, Lawrence, Meigs, Pickaway, Pike, Ross, Scioto and Vinton Counties. The SOCOG acts as fiscal agent for the Clinton County Board of DD's supportive living program monies. During 2012, the SOCOG received no supportive living monies from Clinton County and as of December 31, 2012, the County had a \$465,521 balance on hand with the SOCOG. Financial statements can be obtained from the SOCOG at 126 E. Second St., Suite C, Chillicothe, Ohio, 45601.

JOINT VENTURE WITHOUT EQUITY INTEREST

Warren/Clinton Counties Community Alcoholism, Drug Addiction and Mental Health Services Board (ADAMHS Board) - The County is a member of the Warren/Clinton Counties Community Alcoholism, Drug Addiction and Mental Health Services Board (ADAMHS Board), which is a joint venture between Warren and Clinton Counties. The purpose of the Board is to provide aid, support and education for alcohol and drug dependent citizens, as well as those who are mentally handicapped.

The Warren/Clinton Counties ADAMHS Board is governed by a Board appointed by the Ohio Director of Alcohol and Drug Addiction Services, the Ohio Director of Mental Health Services, and Clinton and Warren Counties. The main sources of revenue for this Board are grants from the two previously named state departments and a property tax levy in each of the counties. Outside agencies are contracted by the Board to provide services for the Board. Financial records are maintained by the Warren County Auditor and Treasurer. Pursuant to Section 340.016 of the Ohio Revised Code, any withdrawing county would be required to submit a comprehensive plan that provides for the equitable adjustment and division of debts and obligations of the Joint County District to the State Director of Mental Health.

CLINTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

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

RISK POOL

County Risk Sharing Authority, Inc. (CORSA) - CORSA is jointly governed by 63 counties in Ohio. CORSA was formed as an Ohio nonprofit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage losses and pay all contributions necessary for the specified insurance coverages provided by CORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance.

Each member has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the CORSA are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the Board of Trustees. This program is more fully described in Note 13.

B. Basis of Presentation

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the County that are governmental and those that are considered business-type activities.

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

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

CLINTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the County's proprietary funds are charges for services. Operating expenses for the internal service fund include claims and administrative expenses. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

C. Fund Accounting

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

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

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

Children Services Board - This fund accounts for revenue received from a countywide tax levy, grants and charges for services to provide for the care of children of the County.

County Board of Developmental Disabilities (DD) - This fund accounts for the operation of a school and the costs of administering a workshop for the developmentally disabled. Revenue sources include a countywide property tax levy and federal and State grants.

Motor Vehicle and Gas Tax - This fund accounts for monies received by the County for State gasoline tax and vehicle registration fees used for County road and bridge maintenance, construction and improvements.

Public Assistance - This fund accounts for various federal and State grants used to provide public assistance to general relief recipients, pay their providers for medical assistance, and for certain public social services.

Workforce Development - This fund accounts for various federal grants under the Workforce Investment Act, used to finance programs designed to improve the quality of the workforce and enhance productivity.

Martinsville-Midland Sewer - This fund accounts for the operations of the Martinsville-Midland Sewer.

CLINTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

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

Other governmental funds of the County are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (c) financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Proprietary Funds - Proprietary funds are used to account for the County's ongoing activities which are similar to those found in the private sector. The following are the County's proprietary fund types:

Enterprise Fund - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The County has presented the following major enterprise fund:

Former County Hospital - This fund accounts for the wind-down costs of the former Clinton Memorial Hospital.

Internal Service Fund - The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the County on a cost-reimbursement basis. The County's internal service fund accounts for a self-funded health insurance program for employees of the County and several governmental units within the County.

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

Component Units - Component units are either legally separate organizations for which the elected officials of the County are not financially accountable, or legally separate organizations for which the nature and significance of the relationships with the County are such that exclusion would cause the County's financial statement to be misleading or incomplete. The County considers Orion Rehabilitation Center and the Clinton County Port Authority to be separate discretely presented component units of the County.

D. Measurement Focus

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

CLINTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

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

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

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

Private-purpose trust funds are reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

E. Basis of Accounting

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

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

Nonexchange transactions, in which the County receives value without directly giving equal value in return, include sales taxes, property taxes, grants, entitlements and donations. On a full accrual basis, revenue from sales taxes is recognized in the year in which the sales are made. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the County must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from all other nonexchange transactions must also be available before it can be recognized.

CLINTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: sales tax (See Note 7), interest, federal and State grants and subsidies, State-levied locally shared taxes (including motor vehicle license fees and gasoline taxes), fees and rentals.

Deferred Inflows of Resources and Deferred Outflows of Resources - A deferred inflow of resources is an acquisition of net position by the County that is applicable to a future reporting period. A deferred outflow of resources is a consumption of net position by the County that is applicable to a future reporting period.

Property taxes for which there is an enforceable legal claim as of December 31, 2012, but which were levied to finance year 2013 operations, and other revenues received in advance of the year for which they were intended to finance, have been recorded as deferred inflows. Special assessments not received within the available period, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at December 31, 2012, are recorded as deferred inflows on the governmental fund financial statements.

For current refunding and advance refunding resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources.

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

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

F. Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the Tax Budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each department. Budgetary modifications may only be made by resolution of the County Commissioners.

Budgetary information for the Workshop and certain other funds is not reported because it is not included in the entity for which the "appropriated budget" is adopted and separate budgetary financial records are not maintained.

Tax Budget - A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. All funds, except agency funds, are legally required to be budgeted. The purpose of the Tax Budget is to reflect the need for existing (or increased) tax rates.

CLINTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

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

Estimated Resources - The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews revenue estimates. The Commission certifies its actions to the County by September 1. As part of this certification, the County receives the official certificate of estimated resources, which states the projected revenue of each fund.

On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31. Further amendments may be made during the year if the County Auditor determines that revenue to be collected will be greater than or less than the prior estimates and the Budget Commission finds the revised estimates to be reasonable. The amounts set forth in the budgetary statements represent estimates from the final amended certificate issued during 2012.

Appropriations - A temporary appropriation resolution to control cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31. An annual Appropriation Resolution must be passed by April 1 of each year for the period January 1 to December 31. The Appropriation Resolution may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources. The County legally adopted several supplemental appropriations during the year. The original budget and all budgetary amendments and supplemental appropriations necessary during 2012 are included in the final budget amounts in the budget-to-actual comparisons.

Lapsing of Appropriations - At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and is not reappropriated.

G. Cash and Investments

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

During 2012, investments were limited to federal agency securities and repurchase agreements.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts, such as repurchase agreements, are reported at cost.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the general fund during 2012 amounted to \$559,719 which includes \$499,547 assigned from other County funds.

The County has segregated depository and investment accounts for monies held separately from the County's central bank account. These interest-bearing depository accounts are presented on the financial statements as "cash in segregated accounts" since they are not required to be deposited into the County treasury. The investments related to the wind-down operations of the former County Hospital are presented as "investments in segregated accounts" on the financial statements since the funds are held separate from the County.

CLINTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

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

For presentation on the basic financial statements, investments of the cash management pool and investments are considered to be cash equivalents.

An analysis of the Treasurer's investment account at year end is provided in Note 4.

H. Inventories of Materials and Supplies

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

On the fund financial statements, reported material and supplies inventory is equally offset by a nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

Inventory consists of expendable supplies held for consumption.

I. Capital Assets

Governmental capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The County maintains a capitalization threshold of \$5,000. The County's infrastructure consists of roads, bridges, culverts, and sewer lines. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of capital assets is also capitalized.

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land Improvements	-	15 years
Buildings and Improvements	70 years	40 years
Machinery and Equipment	4 - 20 years	7-10 years
Software	5 - 8 years	-
Infrastructure	7 - 50 years	-
Vehicles	8 years	-

CLINTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

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

The County's policy is to capitalize net interest on construction projects until substantial completion of the project. The amount of capitalized interest equals the difference between the interest cost associated with the tax-exempt borrowing used to finance the project from the date of borrowing until completion of the project and the interest earned from temporary investment of the debt proceeds over the same period.

J. Compensated Absences

Compensated absences of the County consist of vacation leave and sick leave to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the County and the employee.

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for sick leave is based on the sick leave accumulated at December 31, 2012, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. Sick leave benefits are accrued using the "vesting" method.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at December 31, 2012, and reduced to the maximum payment allowed by labor contract and/or statute, plus applicable additional salary related payments.

County employees earn vacation at varying rates ranging from two to five weeks per year. Sick leave is accumulated at the rate of three weeks per year. Vacation and sick leave is accumulated on an hours worked basis. Accumulated vacation cannot exceed three times the annual accumulation rate for an employee. The County does not accrue a liability for non-vested sick leave or vacation benefits.

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

On governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the accounts "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. For proprietary funds, the entire amount of compensated absences is reported as a fund liability.

K. Prepaid Items

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

L. Accrued Liabilities and Long-term Obligations

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

CLINTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

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

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

M. Unamortized Bond Premium and Discount/Accounting Gain or Loss

Bond premiums and discounts are amortized over the term of the bonds using the straight-line method. Bond premiums are presented as an addition to the face amount of the bonds. Bond discounts are presented as a reduction to the face amount of the bonds.

For advance refunding resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred outflow.

On the governmental fund financial statements, issuance costs, bond premiums, bond discounts, and deferred charges from refunding are recognized in the current period. The reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 12.

N. Interfund Transactions

During the normal course of operations, the County has numerous transactions between funds. Transfers represent movement of resources from a fund receiving revenue to a fund through which those resources will be expended and are recorded as other financing sources (uses) in governmental funds and as transfers in proprietary funds. Interfund transactions that would be treated as revenues and expenditures/expenses if they involved organizations external to the County are treated similarly when involving other funds of the County.

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivable/interfund payable" for the current portion of interfund loans or advances to/from other funds for the non-current portion of interfund loans. All other outstanding balances outstanding between funds are reported as "due to/from other funds." These amounts are eliminated on the statement of net position.

O. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources in 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 spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable in the general fund.

CLINTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

1

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

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

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board of Commissioners (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the Board of 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 nor 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 Board of 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 only used to report a deficit fund 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 restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

P. Budget Stabilization Arrangement

Pursuant to Ohio Revised Code Section 5705.13, on August 20, 2012, the County established a reserve balance account, in the general fund, in the amount of \$2,103,795, to be used in emergencies for operational expenditures. The balance of the reserve balance account at December 31, 2012 is \$1,366,286. This amount is reported as a component of unassigned fund balance in the general fund and unrestricted net position in the governmental activities.

Q. Net Position

Net position represents the difference between assets plus deferred outflows and liabilities plus deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

CLINTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

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

R. Estimates

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

At December 31, 2011, the receivables reported in the Former County Hospital enterprise fund were understated by \$897,304, and the related revenue received during 2012 has been reported in nonoperating revenues.

S. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the County and that are either unusual in nature or infrequent in occurrence. There were no extraordinary or special items that occurred during 2012.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2012, the County has implemented GASB Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements", GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements", GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", and GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities".

GASB Statement No. 60 addresses issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. An SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The implementation of GASB Statement No. 60 did not have an effect on the financial statements of the County.

GASB Statement No. 62 codifies accounting and financial reporting guidance contained in pre-November 30, 1989 FASB and AICPA pronouncements in an effort to codify all sources of GAAP for State and local governments so that they derive from a single source. The implementation of GASB Statement No. 62 did not have an effect on the financial statements of the County.

GASB Statement No. 63 provides financial and reporting guidance for *deferred outflows of resources* and *deferred inflows of resources* which are financial statement elements that are distinct from assets and liabilities. GASB Statement No. 63 standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's *net position*. The implementation of GASB Statement No. 63 has changed the presentation of the County's financial statements to incorporate the concepts of net position, deferred outflows of resources and deferred inflows of resources.

CLINTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as *deferred outflows of resources* or *deferred inflows of resources*, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 also provides other financial reporting guidance related to the impact of the financial statement elements *deferred outflows of resources* and *deferred inflows of resources*, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations. The implementation of GASB Statement No. 65 had an effect on the financial statements of the County at January 1, 2012, as detailed in Note 3.B.

B. Restatement of Net Position

Net position of governmental activities at January 1, 2012, has been restated for the implementation of GASB Statement No. 65 (removal of unamortized bond issuance costs) and for errors in the reporting of infrastructure capital assets (See Note 9.A. for detail) as follows:

	Governmental Activities
Net assets as previously reported	\$ 107,205,717
Removal of unamortized bond issuance costs	(174,315)
Restatement of capital assets	(8,003,509)
Net position at January 1, 2012, restated	\$ 99,027,893

C. Deficit Fund Balances

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
Dog and kennel	\$ 20,227
Law enforcement trust	1,747
U.S. 68 corridor study grant	24,750
Marriage license	547
Martinsville-Midland sewer debt service	49,516

All funds complied with Ohio State law, which does not permit a cash basis deficit at year end. The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

D. Component Unit - Prior Period Adjustment

Net position of the Port Authority at December 31, 2011, has been restated from \$73,111,143 to \$78,635,143 to record \$5,524,000 in equipment capital assets, net of depreciation, that were not previously reported (see Note 9.B for detail).

CLINTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 4 - DEPOSITS AND INVESTMENTS

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

Monies held by the County which are not considered active are classified as inactive. Inactive monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in 1 or 2 above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's Asset Reserve of Ohio 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 1 or 2 above or cash or both securities and cash, equal value for equal value;
9. High grade commercial paper for a period not to exceed 180 days and in an amount not to exceed twenty-five percent of the County's total average portfolio; and,
10. Bankers acceptances for a period not to exceed 180 days and in an amount not to exceed twenty-five percent of the County's total average portfolio.

CLINTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

A. Cash on Hand

At year end, the County had \$62,690 in undeposited cash on hand which is included on the financial statements of the County as part of "equity in pooled cash and cash equivalents".

B. Cash and Cash Equivalents and Investments in Segregated Accounts

At year end, the County had \$556,588 in cash and cash equivalents deposited separate from the County's internal investment pool. This amount is included in the carrying amount of the County's deposits.

At year end, the County had \$1,731,160 in cash and cash equivalents and \$1,925,211 in investments separate from the County's internal investment pool. These depository and investment accounts are for the wind-down operations of the former County Hospital and are not included in the carrying amount of the County's deposits or internal investments.

C. Cash with Escrow Agent

At year end, the County had \$12,166,676 in cash and cash equivalents on deposit in escrow accounts with Bank of America and National Bank and Trust. This amount has been excluded from the total amount of deposits below as it is not part of the County's internal investment pool.

D. Cash with Fiscal Agent

At year end, the County had \$465,521 in monies held by SOCOG as fiscal agent. This amount has been excluded from the total amount of deposits below as it is not part of the County's internal investment pool.

E. Deposits with Financial Institutions

At December 31, 2012, the carrying amount of all County deposits was \$9,494,476. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2012, \$8,334,090 of the County's bank balance of \$9,911,571 was exposed to custodial risk as discussed below, while \$1,577,481 was covered by the Federal Deposit Insurance Corporation (FDIC).

CLINTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial credit risk is the risk that, in the event of bank failure, the County's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the County. The County has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the County to a successful claim by the FDIC.

F. Investments

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

Investment type	Fair Value	Investment Maturities	
		6 months or less	Greater than 24 months
Repurchase agreement	\$ 1,257,832	\$ 1,257,832	\$ -
FFCB	1,503,570	-	1,503,570
FHLB	3,000,720	-	3,000,720
FHLMC	3,007,650	-	3,007,650
FNMA	18,013,600	-	18,013,600
Total	<u>\$ 26,783,372</u>	<u>\$ 1,257,832</u>	<u>\$ 25,525,540</u>

The weighted average length to maturity is 4.11 years.

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the County's investment policy limits investment portfolio maturities to five years or less.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Of the County's investment in repurchase agreements, the entire balance is collateralized by underlying securities pledged by the investment's counterparty, not in a name of the County. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the County's name.

CLINTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Concentration of Credit Risk: The County places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the County at December 31, 2012:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
Repurchase agreement	\$ 1,257,832	4.38%
FFCB	1,503,570	5.34%
FHLB	3,000,720	13.67%
FHLMC	3,007,650	12.04%
FNMA	18,013,600	64.57%
Total	<u>\$ 26,783,372</u>	<u>100%</u>

G. Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of December 31, 2012:

Cash and investments per note

Carrying amount of deposits	\$ 9,494,476
Investments	26,783,372
Investments in segregated accounts	1,925,211
Cash on hand	62,690
Cash in segregated accounts	1,731,160
Cash with fiscal agent	465,521
Cash with escrow agent	<u>12,166,676</u>
Total	<u>\$ 52,629,106</u>

Cash and investments per statement of net position

Governmental activities	\$ 43,161,814
Business type activities	3,656,371
Fiduciary funds	<u>5,810,921</u>
Total	<u>\$ 52,629,106</u>

H. Component Units

At December 31, 2012, the carrying amount of the Workshop's demand deposits, including nonnegotiable certificates of deposit, was \$308,658 and the bank balance, including nonnegotiable certificates of deposit, was \$308,251, all of which was insured by the FDIC. The Workshop had \$350 of cash on hand at December 31, 2012, which is included in "equity in pooled cash and cash equivalents". At December 31, 2012, the Workshop had an investment in the amount of \$160,519 in a money market mutual fund. Money market mutual funds are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

At December 31, 2012, the carrying amount of the Authority's demand deposits was \$3,633,896 and the bank balance was \$5,376,811. \$2,026,788 of the Authority's bank balance was covered by the FDIC, while \$3,350,023 was exposed to custodial credit risk.

CLINTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 5 - INTERFUND TRANSACTIONS

- A.** Interfund transfers for the year ended December 31, 2012, consisted of the following, as reported on the fund financial statements:

<u>Transfers from general fund to:</u>	
Motor vehicle and gas tax	\$ 1,491
Nonmajor governmental funds	6,350,089
<u>Transfer from County board of DD to:</u>	
Nonmajor governmental fund	250,000
<u>Transfer from nonmajor governmental fund to:</u>	
General fund	<u>3,013,621</u>
Total	<u>\$ 9,615,201</u>

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

During 2012, the general fund transferred \$6,099,813 to establish several capital projects funds, \$250,000 to establish an economic development special revenue fund, and \$276 was transferred to the Clinton County park board nonmajor special revenue fund. The County Board of DD fund transferred \$250,000 to establish the County Board of DD capital fund. The County transferred \$3,013,621 from the permanent improvement nonmajor capital projects fund to the general fund.

- B.** Long-term loans to and from other funds at December 31, 2012, as reported on the fund financial statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Martinsville-Midland sewer	\$ 3,281,336
General	Nonmajor governmental funds	<u>405,652</u>
Total		<u>\$ 3,686,988</u>

Loans between governmental funds are eliminated on the government-wide financial statements.

Loans to/from other funds from the general fund to the Martinsville-Midland sewer fund in the amount of \$3,281,336 are for manuscript debt issued by the County during 2012 in accordance with Ohio Revised Code Section 133.29. The purpose of the manuscript debt issue was to provide funds to retire the balance of the OPWC loan and USDA bonds issued to finance the construction of the Martinsville-Midland sewer (see Note 12.A. for detail). The Martinsville-Midland sewer fund is scheduled to repay the general fund no less than \$100,000 per year until the general fund is fully reimbursed the cost of retiring the debt or upon further resolution by the County Commissioners. The loan is interest-free.

CLINTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

The interfund balances between the general fund and the nonmajor governmental funds are not expected to be repaid within the next year.

- C. Due from/to other funds consisted of the following at December 31, 2012, as reported on the fund financial statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ 23,018
General	Public assistance	2,816
General	Children services board	9,881
Motor vehicle and gas tax	General	16,597
Motor vehicle and gas tax	Nonmajor governmental funds	<u>1,159</u>
Total		<u>\$ 53,471</u>

The balances resulted from the time lag between the dates that payments between the funds are made.

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the County. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value 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 revaluated every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2012 public utility property taxes became a lien December 31, 2011, are levied after October 1, 2012, and are collected in 2013 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County. Property taxes receivable represents real property taxes, public utility taxes, delinquent tangible personal property taxes and other outstanding delinquencies which are measurable as of December 31, 2012 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by a deferred inflow since the current taxes were not levied to finance 2012 operations and the collection of delinquent taxes has been offset by a deferred inflow since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is a deferred inflow.

The full tax rate for all County operations for the year ended December 31, 2012 was \$11.40 per \$1,000 of assessed value. The assessed value upon which 2012 property taxes were collected was \$835,216,620.

CLINTON COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 7 - PERMISSIVE SALES AND USE TAX

In 1977, the County Commissioners by resolution imposed a 0.5% tax on all retail sales, except sales of motor vehicles, made in the County, and on the storage, use, or consumption in the County of tangible personal property, including automobiles, not subject to the sales tax. In 1988, the County Commissioners added an additional 0.5% tax to the existing tax. On October 1, 2005, the County Commissioners imposed a 0.5% tax to the existing tax for a period of five years. Vendor collections of the tax are paid to the State Treasurer by the 23rd day of the month following collection. The State Tax Commissioner certifies the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within 45 days after the end of the month following collection. The Office of Budget and Management then has five days in which to draw the warrant payable to the County.

Proceeds of the tax are credited entirely to the general fund and special revenue funds. Amounts that have been collected by the State and are to be received within the available period are accrued as revenue on the fund financial statements to the extent that they are intended to finance 2012 operations. On the government-wide financial statements, the entire receivable amount is recorded as revenue. Sales and use tax revenue for 2012 amounted to \$6,778,044 in the governmental funds.

NOTE 8 - RECEIVABLES

Receivables at December 31, 2012, consisted of taxes, accounts (billings for user charged services), notes, accrued interest, special assessments and intergovernmental receivables arising from grants, entitlements and shared revenue. All intergovernmental receivables have been classified as "due from other governments" on the balance sheet. Receivables have been recorded to the extent that they are measurable at December 31, 2012, as well as intended to finance 2012 operations.

A summary of the receivables reported on the statement of net position follows:

Governmental activities:

Sales taxes	\$1,734,523
Real estate and other taxes	6,587,232
Accounts	38,481
Notes	13,600,000
Special assessments	111,234
Accrued interest	151,052
Due from other governments	4,773,160

Receivables have been disaggregated on the face of the balance sheet. The only receivables not expected to be collected within the subsequent year are the special assessments which are collected over the life of the assessment and the \$13,600,000 in notes receivable for the deferred purchase of the sale of the hospital. The County will receive \$1,700,000 annually over the next eight years.

CLINTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 9 - CAPITAL ASSETS

A. Primary Government

Capital asset balances of the governmental activities have been restated due to errors in the reporting of the County's infrastructure capital assets. In accordance with the County's capital asset policy, all infrastructure capital assets previously reported that are considered repairs and maintenance (such as chipping and sealing of roads) have been removed. In addition, the County decreased the estimated useful lives for roads from 50 years to 7-15 years. Capital assets were decreased by a net amount of \$8,003,509, which includes decreasing the cost of infrastructure assets by \$5,882,681 and increasing accumulated depreciation of infrastructure assets by \$2,120,828.

Capital asset activity for the year ended December 31, 2012, was as follows:

	Restated Balance			Balance
<u>Governmental activities:</u>	<u>12/31/11</u>	<u>Additions</u>	<u>Deductions</u>	<u>12/31/12</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,061,880	\$ -	\$ -	\$ 1,061,880
Construction in progress	<u>-</u>	<u>144,952</u>	<u>-</u>	<u>144,952</u>
Total capital assets, not being depreciated	<u>1,061,880</u>	<u>144,952</u>	<u>-</u>	<u>1,206,832</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	210,001	-	-	210,001
Buildings and improvements	20,686,773	-	-	20,686,773
Equipment	3,695,676	515,221	(313,486)	3,897,411
Software	449,314	-	-	449,314
Vehicles	3,028,238	246,265	(266,319)	3,008,184
Infrastructure	<u>41,340,674</u>	<u>1,605,979</u>	<u>-</u>	<u>42,946,653</u>
Total capital assets, being depreciated	<u>69,410,676</u>	<u>2,367,465</u>	<u>(579,805)</u>	<u>71,198,336</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(105,366)	(3,688)	-	(109,054)
Buildings and improvements	(6,547,347)	(390,277)	-	(6,937,624)
Equipment	(2,661,797)	(182,960)	191,395	(2,653,362)
Software	(245,661)	(37,711)	-	(283,372)
Vehicles	(2,230,230)	(200,425)	247,198	(2,183,457)
Infrastructure	<u>(15,661,954)</u>	<u>(1,351,819)</u>	<u>-</u>	<u>(17,013,773)</u>
Total accumulated depreciation	<u>(27,452,355)</u>	<u>(2,166,880)</u>	<u>438,593</u>	<u>(29,180,642)</u>
Total capital assets, being depreciated net	<u>41,958,321</u>	<u>200,585</u>	<u>(141,212)</u>	<u>42,017,694</u>
Governmental activities capital assets, net	<u>\$ 43,020,201</u>	<u>\$ 345,537</u>	<u>\$ (141,212)</u>	<u>\$ 43,224,526</u>

CLINTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 9 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

Legislative and executive	\$ 279,257
Judicial	20,127
Public safety	146,808
Public works	1,545,655
Health	92,743
Human services	57,431
Other	<u>24,859</u>
Total depreciation expense - governmental activities	<u>\$ 2,166,880</u>

B. Component Unit Capital Assets

Beginning accumulated depreciation was restated to properly account for accumulated depreciation by asset class.

A summary of the changes in the Orion Rehab Center's capital assets during 2012 follows:

	Restated Balance			Balance
<u>Orion Rehab Center:</u>	<u>12/31/11</u>	<u>Additions</u>	<u>Deductions</u>	<u>12/31/12</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	\$ 12,761	\$ -	\$ -	\$ 12,761
Buildings and improvements	41,838	-	-	41,838
Furniture and equipment	25,930	3,036	-	28,966
Vehicles	<u>23,990</u>	<u>-</u>	<u>-</u>	<u>23,990</u>
Total capital assets being depreciated	<u>104,519</u>	<u>3,036</u>	<u>-</u>	<u>107,555</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(10,163)	(649)	-	(10,812)
Buildings and improvements	(37,808)	(445)	-	(38,253)
Furniture and equipment	(22,040)	(865)	-	(22,905)
Vehicles	<u>(22,990)</u>	<u>-</u>	<u>-</u>	<u>(22,990)</u>
Total accumulated depreciation	<u>(93,001)</u>	<u>(1,959)</u>	<u>-</u>	<u>(94,960)</u>
Total capital assets, being depreciated, net	<u>\$ 11,518</u>	<u>\$ 1,077</u>	<u>\$ -</u>	<u>\$ 12,595</u>

CLINTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 9 - CAPITAL ASSETS - (Continued)

The Port Authority's capital assets were restated at December 31, 2011, to include equipment capital assets that were not previously reported. A summary of the changes in the Port Authority's capital assets during 2012 follows:

	Restated Balance			Balance
<u>Port Authority:</u>	<u>12/31/11</u>	<u>Additions</u>	<u>Deductions</u>	<u>12/31/12</u>
<i>Capital assets not being depreciated:</i>				
Land	\$ 19,088,500	\$ -	\$ -	\$ 19,088,500
Total capital assets not being depreciated	<u>19,088,500</u>	<u>-</u>	<u>-</u>	<u>19,088,500</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	44,591,277	-	-	44,591,277
Buildings and improvements	12,820,223	-	-	12,820,223
Equipment	<u>6,040,000</u>	<u>-</u>	<u>-</u>	<u>6,040,000</u>
Total capital assets, being depreciated	<u>63,451,500</u>	<u>-</u>	<u>-</u>	<u>63,451,500</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(2,466,008)	(1,644,004)	-	(4,110,012)
Buildings and improvements	(384,606)	(256,405)	-	(641,011)
Equipment	<u>(516,000)</u>	<u>(344,000)</u>	<u>-</u>	<u>(860,000)</u>
Total accumulated depreciation	<u>(3,366,614)</u>	<u>(2,244,409)</u>	<u>-</u>	<u>(5,611,023)</u>
Total capital assets, being depreciated, net	<u>60,084,886</u>	<u>(2,244,409)</u>	<u>-</u>	<u>57,840,477</u>
Total capital assets, net	<u>\$ 79,173,386</u>	<u>\$ (2,244,409)</u>	<u>\$ -</u>	<u>\$ 76,928,977</u>

NOTE 10 - CAPITAL LEASE - LESSEE DISCLOSURE

During 2012, the County entered into a capital lease for the acquisition of copier equipment. In prior years, the County entered into capitalized leases for the acquisition of copiers, software and a ballot printing system. Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Governmental activities capital assets consisting of equipment and software have been capitalized in the amount of \$59,520 and \$126,690, respectively. These amounts represent the present value of the minimum lease payments at the time of acquisition. A corresponding liability is recorded in the government-wide financial statements. Principal payments in the amount of \$24,975 were made during 2012.

CLINTON COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 10 - CAPITAL LEASE - LESSEE DISCLOSURE - (Continued)

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2012:

<u>Year Ending December 31,</u>	<u>Amount</u>
2013	\$ 32,157
2014	32,157
2015	5,143
2016	<u>3,452</u>
Total	72,909
Less: amount representing interest	<u>(7,264)</u>
Present value of net minimum lease payments	<u>\$ 65,645</u>

NOTE 11 - COMPENSATED ABSENCES

Vacation and sick leave accumulated by governmental fund type employees is recorded on the statement of net position. Vacation and sick leave earned by proprietary fund type employees is expensed when earned.

Upon termination of County service, employees are entitled to a percentage of their accumulated sick leave based on their years of service not to exceed 30 days and all accumulated vacation. At December 31, 2012, vested benefits for vacation leave for governmental activities employees totaled \$806,626 and vested benefits for sick leave totaled \$363,157.

THIS SPACE INTENTIONALLY LEFT BLANK

CLINTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 12 - LONG-TERM OBLIGATIONS

A. Governmental Activities Long-Term Obligations

During 2012, the following changes occurred in the County's governmental long-term obligations:

Governmental activities:	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Balance 12/31/11</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/12</u>	<u>Amount Due in One Year</u>
<u>General Obligation Bonds:</u>							
Various Purpose Refunding Bonds 2.23 - 3.75%	6/1/2009	12/1/2019	\$ 2,615,000	\$ -	\$ (300,000)	\$ 2,315,000	\$ 300,000
Haines Ditch Project Bonds - 5.25-6.00%	12/1/2006	12/1/2014	35,000	-	(10,000)	25,000	10,000
Martinsville-Midland Project USDA Bonds 3.625-4.25%	12/18/2008	12/1/2048	4,811,670	-	(4,811,670)	-	-
Fairground/Public Service Agency Building Bond - 3.73-4.125%	3/27/2008	12/1/2027	<u>2,990,000</u>	-	<u>(140,000)</u>	<u>2,850,000</u>	<u>145,000</u>
Total general obligation bonds			<u>10,451,670</u>	<u>-</u>	<u>(5,261,670)</u>	<u>5,190,000</u>	<u>455,000</u>
<u>Special Assessment Bond:</u>							
Ditch Construction - 5.00%	10/25/2010	9/1/2015	<u>36,607</u>	-	<u>(8,473)</u>	<u>28,134</u>	<u>8,913</u>
Total special assessment bond			<u>36,607</u>	<u>-</u>	<u>(8,473)</u>	<u>28,134</u>	<u>8,913</u>
<u>Special Assessment Notes:</u>							
Nance Road Ditches - 5.075%	8/31/2009	9/1/2014	15,126	-	(4,787)	10,339	5,038
Port William Road Ditches - 5.075%	8/31/2009	9/1/2014	<u>3,781</u>	-	<u>(1,196)</u>	<u>2,585</u>	<u>1,260</u>
Total special assessment notes			<u>18,907</u>	<u>-</u>	<u>(5,983)</u>	<u>12,924</u>	<u>6,298</u>
<u>Other Long-Term Obligations:</u>							
OPWC loan			170,000	-	(170,000)	-	-
Land purchase agreement			124,285	-	(61,749)	62,536	62,536
Loan payable			-	61,801	-	61,801	11,126
Compensated absences			1,217,659	458,473	(506,349)	1,169,783	610,486
Capital leases			<u>84,048</u>	<u>6,572</u>	<u>(24,975)</u>	<u>65,645</u>	<u>27,530</u>
Total other long-term obligations			<u>1,595,992</u>	<u>526,846</u>	<u>(763,073)</u>	<u>1,359,765</u>	<u>711,678</u>
Total general long-term obligations			<u>\$ 12,103,176</u>	<u>\$ 526,846</u>	<u>\$ (6,039,199)</u>	6,590,823	<u>\$ 1,181,889</u>
Add: unamortized premium on bond issue						<u>29,110</u>	
Total reported on the statement of net position						<u>\$ 6,619,933</u>	

General Obligation Bonds: General obligation bonds are direct obligations of the County for which its full faith and credit are pledged for repayment. Principal and interest payments on the general obligation bonds are made from the debt service funds.

CLINTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 12 - LONG TERM OBLIGATIONS - (Continued)

In 2009, the County issued general obligation refunding bonds. The proceeds were used to advance refund the County's 1999 Bypass/Jail Construction Bonds by purchasing SLGS that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. The refunded bonds were not included in the County's outstanding debt since the County has satisfied its obligations through the advance refunding.

The reacquisition price exceeded the net carrying value of the old debt by \$109,603. This difference, reported in the accompanying financial statements as a deferred outflow, is amortized as interest expense through the year 2019 using the straight-line method.

The assets held in trust as a result of the advance refunding described above are not included in the accompanying BFS. At December 31, 2012, \$2,135,000 of the refunded bonds being held by escrow agent are still outstanding.

The County retired the outstanding principal of the Martinsville-Midland Project USDA bonds in full during 2012.

Special Assessment Bond: The special assessment bond is supported by the full faith and credit of the County. The bond was issued to provide resources for ditch construction and maintenance and will be retired through special assessments levied against benefited property owners.

Special Assessment Notes: The special assessment notes were issued to provide resources for ditch construction projects. The notes are direct obligations of the County for which its full faith and credit are pledged for repayment. The notes will be retired through special assessments levied against benefited property owners.

OPWC Loan: The County was approved for a \$200,000 loan from Ohio Public Works Commission (OPWC) with a 0% interest rate and payable over 20 years. The proceeds were used towards the construction of the Martinsville-Midland Sewer Project. The County retired the loan in full during 2012.

Land Purchase Agreement: During 2011, the County purchased land for the Clinton County Fairgrounds for \$190,000 with deferred annual payments payable through 2013. Principal retired during 2012 amounted to \$61,749 and was paid from the general fund.

Loan Payable: On July 16, 2012, the County issued a loan in the amount of \$61,801 through The National Bank and Trust Company to finance the purchase of two tractors for the Soil and Water Conservation District. Semi-annual payments are scheduled to begin March 1, 2013 through September 1, 2017 at an interest rate of 5.00%. Payments will be made from the ditch assessment nonmajor special revenue fund.

Compensated Absences: Vested sick leave and vacation benefits will be paid from the fund from which the employee is paid.

CLINTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 12 - LONG TERM OBLIGATIONS - (Continued)

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

Year Ending December 31,	General Obligation Bonds			Special Assessment Bond		
	Principal	Interest	Total	Principal	Interest	Total
2013	\$ 455,000	\$ 183,062	\$ 638,062	\$ 8,913	\$ 1,314	\$ 10,227
2014	475,000	171,075	646,075	9,370	856	10,226
2015	475,000	157,175	632,175	9,851	375	10,226
2016	490,000	142,950	632,950	-	-	-
2017	505,000	127,050	632,050	-	-	-
2018 - 2022	1,655,000	386,663	2,041,663	-	-	-
2023 - 2027	1,135,000	143,370	1,278,370	-	-	-
Total	<u>\$ 5,190,000</u>	<u>\$ 1,311,345</u>	<u>\$ 6,501,345</u>	<u>\$ 28,134</u>	<u>\$ 2,545</u>	<u>\$ 30,679</u>

Year Ending December 31,	Special Assessment Notes			Land Purchase Agreement		
	Principal	Interest	Total	Principal	Interest	Total
2013	\$ 6,298	\$ 584	\$ 6,882	\$ 62,536	\$ 797	\$ 63,333
2014	6,626	256	6,882	-	-	-
Total	<u>\$ 12,924</u>	<u>\$ 840</u>	<u>\$ 13,764</u>	<u>\$ 62,536</u>	<u>\$ 797</u>	<u>\$ 63,333</u>

Year Ending December 31,	Loan Payable		
	Principal	Interest	Total
2013	\$ 11,126	\$ 2,724	\$ 13,850
2014	11,917	1,933	13,850
2015	12,405	1,445	13,850
2016	12,912	938	13,850
2017	13,441	409	13,850
Total	<u>\$ 61,801</u>	<u>\$ 7,449</u>	<u>\$ 69,250</u>

B. Legal Debt Margin

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 1% 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 3% 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 2-1/2% of such valuation in excess of \$300,000,000. Based on this calculation, the County's legal debt margin was \$21,199,920 as of December 31, 2012.

CLINTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 12 - LONG TERM OBLIGATIONS - (Continued)

C. Component Unit Long-Term Obligations

During 2012, the following changes occurred in the Port Authority's long-term obligations:

Port Authority:	<u>Balance</u> <u>12/31/11</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/12</u>	<u>Amount Due</u> <u>In One Year</u>
Mortgage loan	\$ 1,234,893	\$ -	\$ (502)	\$ 1,234,391	\$ 1,234,391
Total long-term obligations	<u>\$ 1,234,893</u>	<u>\$ -</u>	<u>\$ (502)</u>	<u>\$ 1,234,391</u>	<u>\$ 1,234,391</u>

On October 28, 2010, the Port Authority obtained a loan for the purpose of purchasing land. The loan matures on October 28, 2013 and bears a variable interest rate of prime rate plus 50 basis points (.50%) and shall be determined on each interest payment date, provided that in no case may the interest exceed 8% for any period. The following is a summary of the estimated future principal and interest debt service requirements for the loan:

<u>Year Ending</u> <u>December 31,</u>	<u>Mortgage loan</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	<u>\$ 1,234,391</u>	<u>\$ 46,283</u>	<u>\$ 1,280,674</u>

NOTE 13 - RISK MANAGEMENT

A. General Insurance

The County is exposed to various risks of loss related to torts, theft, damage to or destruction of assets, errors and omissions, employee injuries, and natural disasters.

The County is a member of County Risk Sharing Authority, Inc. (CORSA), which is a shared risk pool of 63 counties in Ohio. CORSA was formed as an Ohio nonprofit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by CORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance.

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the CORSA are managed by an elected Board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any one time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the Board of Trustees.

The County pays the State Workers' Compensation System a premium based on a rate per \$100 of employee compensation. The rate is calculated based on accident history and administrative costs. Settled claims have not exceeded this coverage in any of the past three fiscal years.

CLINTON COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 13 - RISK MANAGEMENT - (Continued)

B. Health Care, Vision, Dental and Life Insurance

The County has elected to provide medical, vision, dental and life insurance benefits to employees through the County Employee Benefits Consortium of Ohio (CEBCO), a risk-sharing pool. The County, through CEBCO, is insured for medical through Anthem Blue Cross, and outside of CEBCO has fully insured contracts with Principal Financial Group for dental, Vision Service Plan (VSP) for vision and Mutual of Omaha for group life insurance.

NOTE 14 - PENSION PLANS

A. Ohio Public Employees Retirement System

Plan Description - The County participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the Traditional Pension Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the Member-Directed Plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the Traditional Pension Plan.

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

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For 2012 member and 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 Plan. The 2012 member contribution rates were 10.00% for members in State and local classifications. Public safety and law enforcement members contributed 11.50% and 12.10%, respectively. The County's contribution rate for 2012 was 14.00%, except for those plan members in law enforcement or public safety, for whom the County's contribution was 18.10% of covered payroll.

CLINTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 14 - PENSION PLANS - (Continued)

The County's contribution rate for pension benefits for members in the Traditional Plan for 2012 was 10.00%. The County's contribution rate for pension benefits for members in the Combined Plan and Traditional Plan was 7.95% and 10.00%, respectively. For those plan members in law enforcement and public safety pension contributions were 14.10%. The County's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2012, 2011, and 2010 were \$1,419,845, \$1,363,994, and \$1,242,885, respectively; 96.02% has been contributed for 2012 and 100% has been contributed for 2011 and 2010. The remaining 2012 pension liability has been reported as due to other governments on the basic financial statements. Contributions to the member-directed plan for 2012 were \$46,996 made by the County and \$33,568 made by the plan members.

B. State Teachers Retirement System of Ohio

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

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

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For 2012, plan members were required to contribute 10 percent of their annual covered salaries. The County was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

CLINTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 14 - PENSION PLANS - (Continued)

The County's required contributions for pension obligations to STRS Ohio for the years ended December 31, 2012, 2011 and 2010 were \$9,446, \$22,295 and \$31,664 respectively; 100 percent has been contributed for 2012, 2011 and 2010. There were no contributions to the DC and Combined Plans for 2012.

NOTE 15 - POSTRETIREMENT BENEFIT PLANS

A. Ohio Public Employees Retirement

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

To qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten years or more of qualifying Ohio service credit. 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.

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The post-employment healthcare plan was established under, and is administrated in accordance with, Internal Revenue Code Section 401(h). State statute requires that public employers fund post-employment healthcare through contributions to OPERS. A portion of each employer's contribution to the Traditional or Combined Plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2012 local government employers contributed 14.00% of covered payroll (18.10% for public safety and law enforcement). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan for 2012 was 4.00%. The portion of employer contributions allocated to fund post-employment healthcare for members in the Combined Plan for 2012 was 6.05%.

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

The County's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2012, 2011, and 2010 were \$547,990, \$526,948, and \$672,064, respectively; 96.02% has been contributed for 2012 and 100% has been contributed for 2011 and 2010. The remaining 2012 post-employment health care benefits liability has been reported as due to other governments on the basic financial statements.

CLINTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 15 - POSTEMPLOYMENT BENEFIT PLANS - (Continued)

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 State Bill 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.

B. State Teachers Retirement System of Ohio

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2012, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The County's contributions for health care for the years ended December 31, 2012, 2011 and 2010 were \$727, \$1,715 and \$2,436, respectively; 100 percent has been contributed for 2012, 2011 and 2010.

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING

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

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the General fund, Children Services Board, County Board of Developmental Disabilities, Motor Vehicle and Gas Tax fund, Public Assistance fund, Workforce Development fund, and Martinsville-Midland Sewer fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis);

CLINTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

- (e) Investments are reported at fair value (GAAP basis) rather than cost (budget basis); and,
- (f) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements (as reported in the fund financial statements) to the budgetary basis statements for all governmental funds for which a budgetary basis statement is presented:

	Net Change in Fund Balance						
	<u>Governmental Fund Types</u>						
	<u>General</u>	<u>Children Services Board</u>	<u>County Board of DD</u>	<u>Motor Vehicle and Gas Tax</u>	<u>Public Assistance</u>	<u>Workforce Development</u>	<u>Martinsville- Midland Sewer</u>
Budget basis	\$ (2,642,791)	\$ 101,640	\$ 501,620	\$ (438,982)	\$ 32,972	\$ (195,332)	\$ 131,042
Net adjustment for revenue accruals	88,081	15,030	102,826	1,432,648	70,928	215,612	2,866
Net adjustment for expenditure accruals	(161,258)	52,898	(92,152)	(1,095,726)	12,039	(155,143)	(4,050)
Net adjustment for other financing sources (uses) accruals	3,382,272	-	-	6,572	-	-	(3,281,336)
Funds budgeted elsewhere	(2,848,196)	-	-	-	-	-	-
Encumbrances (budget basis)	<u>356,288</u>	<u>-</u>	<u>95,914</u>	<u>205,084</u>	<u>-</u>	<u>-</u>	<u>30,844</u>
GAAP basis	<u>\$ (1,825,604)</u>	<u>\$ 169,568</u>	<u>\$ 608,208</u>	<u>\$ 109,596</u>	<u>\$ 115,939</u>	<u>\$ (134,863)</u>	<u>\$(3,120,634)</u>

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. These include the Unclaimed Money, Geographic Information Systems, Indigent Application Fee, Certificate of Title Administration, Sick and Vacation Payout, County Recorder Equipment, and Sheriff Policing Rotary funds.

CLINTON COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 17 - CONTINGENT LIABILITIES

A. Grants

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 the terms of the grant. Based on prior experience, the County Commissioners believe such disallowance, if any, will be immaterial.

B. Litigation

Several claims and lawsuits are pending against the County. No liability has been accrued on the balance sheet. In the opinion of the County Prosecutor, the likelihood of a liability for the County cannot reasonably be estimated at this time.

NOTE 18 - CONDUIT DEBT OBLIGATION

The County has served as the issuer of \$14,298,685 in industrial revenue bonds. The proceeds were used by private corporations and community organizations to fund various endeavors. The industrial revenue bonds do not constitute a general obligation, debt or bonded indebtedness of the County. Neither is the full faith and credit to taxing power of the County pledged to make repayment.

NOTE 19 - OTHER COMMITMENTS

The County utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the County's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General Fund	\$ 220,933
County Board of DD	64,322
Motor Vehicle and Gas Tax Fund	187,769
Other Governmental Funds	<u>592,967</u>
Total	<u>\$ 1,065,991</u>

CLINTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 20 - FUND BALANCE

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 resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balance	General	Children Services Board	County Board of DD	Motor Vehicle & Gas Tax
Nonspendable:				
Long-term interfund loans	\$ 3,686,988	\$ -	\$ -	\$ -
Amount held in escrow	8,833,343			
Materials and supplies inventory	20,269	-	-	38,900
Prepayments	90,141	-	2,237	1,500
Total nonspendable	<u>12,630,741</u>	<u>-</u>	<u>2,237</u>	<u>40,400</u>
Restricted:				
Capital projects	-	-	-	-
Debt service	-	-	-	-
Human services programs	-	1,459,551	-	-
Public works	-	-	-	2,358,277
Health programs	-	-	7,816,122	-
Other purposes	-	-	-	-
Total restricted	<u>-</u>	<u>1,459,551</u>	<u>7,816,122</u>	<u>2,358,277</u>
Committed:				
Capital projects	-	-	-	-
Debt service	-	-	-	-
Other purposes	87,355	-	-	-
Total committed	<u>87,355</u>	<u>-</u>	<u>-</u>	<u>-</u>
Assigned:				
General government	211,570	-	-	-
Public safety	2,150	-	-	-
Capital projects	-	-	-	-
Health programs	444	-	-	-
Human services programs	3,761	-	-	-
Other purposes	426,294	-	-	-
Total assigned	<u>644,219</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned (deficit)	<u>5,438,366</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>\$ 18,800,681</u>	<u>\$ 1,459,551</u>	<u>\$ 7,818,359</u>	<u>\$ 2,398,677</u>

CLINTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 20 - FUND BALANCE - (Continued)

Fund Balance	Public Assistance	Workforce Development	Martinsville-Midland Sewer	Other Governmental Funds	Total Governmental Funds
Nonspendable:					
Long-term interfund loans	\$ -	\$ -	\$ -	\$ -	\$ 3,686,988
Amount held in escrow	-	-	-	-	8,833,343
Materials and supplies inventory	1,085	-	-	1,472	61,726
Prepayments	6,811	-	-	3,930	104,619
Total nonspendable	7,896	-	-	5,402	12,686,676
Restricted:					
Capital projects	-	-	-	51,328	51,328
Debt service	-	-	-	15,010	15,010
Human services programs	488,452	207,905	-	440,002	2,595,910
Public works	-	-	-	620,339	2,978,616
Health programs	-	-	-	85,451	7,901,573
Other purposes	-	-	-	2,246,302	2,246,302
Total restricted	488,452	207,905	-	3,458,432	15,788,739
Committed:					
Capital projects	-	-	-	114,040	114,040
Debt service	-	-	-	7,044,010	7,044,010
Other purposes	-	-	-	-	87,355
Total committed	-	-	-	7,158,050	7,245,405
Assigned:					
General government	-	-	-	-	211,570
Public safety	-	-	-	-	2,150
Capital projects	-	-	-	6,049,565	6,049,565
Human services programs	-	-	-	-	444
Public works	-	-	-	-	3,761
Other purposes	-	-	-	-	426,294
Total assigned	-	-	-	6,049,565	6,693,784
Unassigned (deficit)	-	-	(2,880,620)	(169,658)	2,388,088
Total fund balances	\$ 496,348	\$ 207,905	\$ (2,880,620)	\$ 16,501,791	\$ 44,802,692

CLINTON COUNTY, OHIO

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
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
<i>Passed Through the Ohio Department of Job and Family Services</i>			
Supplemental Nutrition Assistance Program - Administrative Costs	G-1011-11-5022/G-1213-11-0022	10.561	\$ 213,606
Total U.S. Department of Agriculture			<u>213,606</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
<i>Passed Through the Ohio Department of Health</i>			
Help Me Grow - Part C	N/A	84.181	58,572
ARRA - Help Me Grow - Stimulus Grant	N/A	84.393A	11,678
Total U.S. Department of Education			<u>70,250</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
<i>Passed Through the Ohio Department of Job and Family Services</i>			
Child Care Services - TANF			
TANF, Independent Living		93.558	7,000
TANF - Admin		93.558	502,603
TANF - Regular		93.558	235,837
TANF - Youth		93.558	79,538
TANF - Supplemental		93.558	29,998
Total TANF			<u>854,976</u>
Quality Child Care		93.575	45,035
Child Care Admin		93.575	16,487
Total Child Care			<u>61,522</u>
Title XX - Base	N/A	93.667	121,219
Title XX - Transfer	N/A	93.667	141,847
Total Title XX - Social Services Block Grants			<u>263,066</u>

(Continued)

CLINTON COUNTY, OHIO

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

Federal Grantor/Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u> (Continued)			
<i>Passed Through the Ohio Department of Job and Family Services (Continued)</i>			
Medicaid	G-1011-11-5022/G-1213-11-0022	93.778	\$ 165,835
Medicaid NET	G-1011-11-5022/G-1213-11-0022	93.778	112,873
Total Medicaid			<u>278,708</u>
Federal Child Support	N/A	93.563	398,486
Promoting Safe and Stable Families	G-1011-11-5022/G-1213-11-0022	93.556	59,254
Title IV-B	G-1011-11-5022/G-1213-11-0022	93.645	51,408
Foster Care (Title IV-E)	G-1011-11-5022/G-1213-11-0022	93.658	843,556
Adoption Assistance (Title IV-E)	G-1011-11-5022/G-1213-11-0022	93.659	353,318
Non-Recurring Adoption	G-1011-11-5022/G-1213-11-0022	93.659	6,176
Total			<u>359,494</u>
Chafee Foster Care Independence Program	G-1011-11-5022/G-1213-11-0022	93.674	8,563
<i>Passed Through Ohio Department of Developmental Disabilities:</i>			
Title XX - Social Services Block Grant	N/A	93.667	39,859
<i>Passed Through Ohio Department of Mental Health:</i>			
Medicaid Administrative Claiming	G-1011-11-5022/G-89-20-1042/1043	93.778	56,465
Family-Centered Services and Supports	N/A	93.556	17,044
<i>Passed through the Ohio Secretary of State</i>			
HAVA Grant - Title II	N/A	90.401	984
HAVA Grant - In Person Poll Worker Training	06-SOS-HHHS-14	93.617	930
HAVA Grant - Online Pollworker Training	06-SOS-HHHS-14	93.617	440
HAVA Grant - Polling Place Accessibility	06-SOS-HHHS-14	93.617	2,264
Total			<u>4,618</u>
Medical Reserve Corps Small Grant Program	N/A	93.008	673
Total U.S. Department of Health and Human Services			<u>3,297,692</u>

(Continued)

CLINTON COUNTY, OHIO

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

Federal Grantor/Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
<i>Passed Through the Ohio Department of Transportation</i>			
Highway Planning and Construction:			
Guardrail, Phase 3	PID #24001	20.205	\$ 177,287
Pavement Marking, Phase 5	PID #89383	20.205	150,000
Clinton County Resurfacing - 2012	PID #85696	20.205	923,343
No Passing Zone Study	PID #91537	20.205	3,600
High Hazard/Crash Data Update - 2011	PID #89455	20.205	9,384
Total			<u>1,263,614</u>
<i>Passed Through the Federal Aviation Administration</i>			
Airport Improvement Program	3-39-0091-0710	20.106	<u>16,470</u>
Total U.S. Department of Transportation			<u>1,280,084</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
<i>Passed Through the Ohio Development Services Agency</i>			
Community Development Block Grants:			
Community Housing Improvement Program	B-C-09-014-1	14.239	3,076
Small Cities CDBG Program	B-C-11-1AN-1	14.239	76,282
Small Cities Program Grant (Formula)	B-F-10-1AN-1	14.228	63,981
Small Cities Program Grant (Formula)	B-F-11-1AN-1	14.228	61,375
Total			<u>125,356</u>
Home Investment Partnerships Program	B-C-09-014-2	14.239	<u>3,200</u>
Total U.S. Department of Housing and Urban Development			<u>207,914</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
<i>Passed Through the Ohio Department of Public Safety</i>			
Emergency Management Performance Grant - 12	EMW-2012-EP-00004-S01	97.042	47,989
State Homeland Security Program - 09	N/A	97.067	13,055
State Homeland Security Program - 10	N/A	97.067	1,729
State Homeland Security Program - 11	N/A	97.067	30,130
Total			<u>44,914</u>
Total U.S. Department of Homeland Security			<u>92,903</u>

(Continued)

CLINTON COUNTY, OHIO

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

Federal Grantor/Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>U.S. DEPARTMENT OF LABOR</u>			
<i>Passed Through the Ohio Department of Jobs and Family Services via Ohio Area 7 Workforce Investment Board</i>			
Workforce Investment Act Cluster:			
WIA - Adult	N/A	17.258	\$ 141,029
WIA - Youth	N/A	17.259	100,654
WIA - Dislocated Workers	N/A	17.278	225,281
Total Workforce Investment Act Cluster			<u>466,964</u>
WIA - Wilmington Air Park National Emergency Grant	N/A	17.277	304,419
One-Stop Resource Sharing	N/A	17.207	6,941
One-Stop Resource Sharing Local Vets	N/A	17.801	8,654
Total One-Stop Resource Sharing			<u>15,595</u>
Total U.S. Department of Labor			<u>786,978</u>
<u>U.S. DEPARTMENT OF COMMERCE</u>			
<i>Passed Through the Ohio Development Services Agency</i>			
Local Technical Assistance Project	N/A	11.303	<u>80,050</u>
Total U.S. Department of Commerce			<u>80,050</u>
Total Federal Expenditures			<u>\$ 6,029,477</u>

CLINTON COUNTY

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - SUBRECIPIENTS

The County passes-through certain federal assistance received from the Ohio Department of Job and Family Services to other governments. The County records expenditures of Federal awards to subrecipients when requested.

The subrecipient agencies have certain compliance responsibilities related to administering these Federal Programs. Under Federal Circular A-133, the County is responsible for monitoring subrecipients to help assure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements, and that performance goals are achieved.

NOTE C - OHIO DEPARTMENT OF DEVELOPMENTAL DISABILITIES

During 2012, the County Board of Developmental Disabilities received refund for eFMAP (ARRA) funds for the Medicaid Program (CFDA #93.778) in the amount \$504 from the Ohio Department of Developmental Disabilities (DODD). This refund was a correction to the eFMAAP percentage for four billing cycles during July and August 2009. This revenue is not listed on the County's Schedule for the year ended December 31, 2012, since the underlying expenditures occurred in prior reporting periods.

During 2011, the County received a deferred payment from the DODD for Medicaid Program (CFDA #93.778) in the amount of \$175,006. The deferred payment was for Medicaid Administrative Claiming (MAC) and Waiver Administrative Claiming (WAC) expenses the County incurred in prior reporting periods due to an increase of federal funding received by DODD to reimburse these expenses and also due to the changes in the County's Medicaid Eligibility Rate for certain activity codes within MAC/WAC. This revenue should have been excluded from the face of the County's Schedule for the year ended December 31, 2011, since the underlying expenditures occurred in prior reporting periods.

NOTE D - FEDERAL AVIATION ADMINISTRATION

During 2012, it was disclosed that the Clinton County Commissioners (Commissioners) signed seven grants with the Federal Aviation Administration (FAA) for improvements made to the County Regional Airport (Airport). The Commissioners were not previously aware that the County was the recipient of the grant funding with the Airport as the subrecipient. Expenditures for the grants amounted to over \$460,000 during 2009. The FAA is currently investigating the grants and will advise as to whether or not the 2009 program will be subject to audit.

This page intentionally left blank.



Dave Yost • Auditor of State

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

Clinton County
46 S. South St.
Wilmington, Ohio 45177

To the Clinton County Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Clinton County, Ohio (the County), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 23, 2013.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the County's financial statements. We consider findings 2012-001, 2012-002 and 2012-004 described in the accompanying schedule of findings to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2012-003 described in the accompanying schedule of findings to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of as items 2012-001 through 2012-003.

Entity's Response to Findings

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

Purpose of this Report

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



Dave Yost
Auditor of State

Columbus, Ohio

December 23, 2013



Dave Yost • Auditor of State

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

Clinton County
46 S. South St.
Wilmington, Ohio 45177

To the Clinton County Commissioners:

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which OMB Circular A-133 requires us to report, described in the accompanying schedule of findings as items 2012-005 and 2012-006. These findings did not require us to modify our compliance opinion on each major federal program.

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

Report on Internal Control over Compliance

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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program's compliance requirement will not be prevented, or timely detected and corrected. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings as item 2012-005 and 2012-006 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency or a combination of deficiencies in internal control over compliance with a federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings as item 2012-007 to be a significant deficiency.

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

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

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

Dave Yost
Auditor of State

Columbus, Ohio

December 23, 2013

This page intentionally left blank.

CLINTON COUNTY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
JANUARY 1, 2012 TO DECEMBER 31, 2012**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	Yes
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	Yes
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	Yes
(d)(1)(vii)	Major Programs (list):	Medicaid – JFS #93.778 Medicaid – DoDD #93.778 Adoption Assistance (Title IV-E), #93.659 Title XX #93.667 Workforce Investment Act #17.258, 17.259, 17.278 National Emergency Grant #17.277 Highway Planning/Construction #20.205
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

FINDING NUMBER 2012-001

NONCOMPLIANCE AND MATERIAL WEAKNESS

Ohio Administrative Code 117-2-01 requires the County to develop and operate a system of internal controls adequate to provide reasonable assurance regarding the achievement of objectives in the following categories:

- (1) Reliability of financial reporting;
- (2) Effectiveness and efficiency of operations;
- (3) Compliance with applicable laws and regulations; and
- (4) Safeguarding of assets.

Ohio Revised Code, Section 321.09, requires that the County Treasurer make a statement to the County Auditor that includes the daily activity, balance in the Treasury and balance in the depository.

Ohio Revised Code, Section 319.14, requires the County Auditor to keep an accurate account with the County Treasurer.

Ohio Revised Code, Section 307.84, states that “the board of county commissioners of any county may, by resolution, establish a county automatic data processing board . . . After the initial meeting of the county automatic data processing board, no county office shall purchase, lease, operate, or contract for the use of any automatic or electronic data processing or record-keeping equipment, software, or services without prior approval of the board.”

Ohio Revised Code, Section 307.86, states that, “Anything to be purchased, leased, leased with an option or agreement to purchase, or constructed, including, but not limited to, any product, structure, construction, reconstruction, improvement, maintenance, repair, or service, except the services of an accountant, architect, attorney at law, physician, professional engineer, construction project manager, consultant, surveyor, or appraiser, by or on behalf of the county or contracting authority, as defined in section 307.92 of the Revised Code, at a cost in excess of fifty thousand dollars, except as otherwise provided in division (D) of section 713.23 and in sections 9.48, 125.04, 125.60 to 125.6012, 307.022, 307.041, 307.861, 339.05, 340.03, 4115.31 to 4115.35, 5119.44, 5513.01, 5543.19, 5713.01, and 6137.05 of the Revised Code, shall be obtained through competitive bidding.”

We identified the following noncompliance and control weaknesses related to these Ohio Revised Code and Ohio Administrative Code sections, and we have also provided recommendations for improvement:

Implementation of New Software Package / Auditor and Treasurer Reconciliation

On January 2, 2013, the County implemented a new software package (MUNIS) for financial accounting and reporting for all County offices, including the daily reporting between the Auditor and Treasurer and to provide reports for the GAAP conversion for the December 31, 2012 audit.

FINDING NUMBER 2012-001
(Continued)

The County Auditor and Treasurer did not perform the required daily reconciliation during the initial phases of the implementation of the new software. The daily statement for December 31, 2012 activity was due on January 2, 2013, but had to be completed using the old software and was not completed until February 21, 2013. Also, the County's 2012 financial statement was significantly delayed because the County could not access 2012 year accrual information from the new software. Without timely reconciliations, assurance over completeness and accuracy of financial reporting is compromised. We recommend that the County develop and implement controls to ensure accurate and timely reconciliations, and compliance with the Ohio Revised Code. Specifically, we recommend that the Treasurer, as required by Ohio Revised Code Section 321.09, report to the County Auditor daily. We recommend that the Auditor, as required by Ohio Revised Code 319.14, keep an accurate account current with the balance the Treasurer reports. Finally, we recommend that any errors identified during this process be addressed in a timely manner.

Automatic Data Processing (ADP) Board Documentation and Status

Documentation of Board Action:

In a meeting with elected officials, department heads and a software vendor (New World) on March 7, 2012, the County Auditor informed the officials attending the meeting that the decision to purchase a new software package for financial accounting and reporting would go through the ADP Board. The County Treasurer also requested information about the Request for Proposal (RFP) process at the meeting. The County Auditor scheduled a meeting of the ADP Board for April 24, 2012 and on April 9, 2012 sent an agenda for the April 24 meeting to the ADP Board members. The minutes of the April 24, 2012 meeting provided by the County Auditor indicated "No Quorum." However, other ADP Board members produced personal notes from the meeting. The County provided no documentation of actions taken by the ADP Board for the purchase of a new system. However, on July 2, 2012, a price quote from MUNIS/Tyler Technologies for a new computer system was received by the County Commissioners, and on July 9, 2012, the County Commissioners signed the MUNIS contract.

Status of the ADP Board:

Clinton County established an ADP Board in 1987. The County provided ADP Board minutes for the period of only 1987 through 1999.

The Clinton County Assistant Prosecutor communicated to the Auditor of State of Ohio's legal representative on August 22, 2013 that it was the opinion of the Prosecutor's office that there was an ADP Board at the time of the purchase of the MUNIS system. On August 28, 2013, the County Auditor provided information that the County Commissioner's Clerk located Resolution 98-121, dated February 4, 1998, terminating the ADP Board. Due to this conflicting information, the Auditor of State was unable to determine if the ADP Board was in effect at the time of the County's contract with MUNIS.

A lack of complete, accurate, and timely official records such as minutes and resolution reduces to the County officials' ability to make clearly informed, authoritative decisions in an efficient manner.

We recommend that all County boards maintain complete and accurate records. We also recommend that the County Prosecutor review the current status of the ADP Board and determine if the ADP Board is properly established and operating as required.

**FINDING NUMBER 2012-001
(Continued)**

Competitive Bidding

The County did not solicit accounting and reporting software bids. The bidding process, as noted above, is required by the Ohio Revised Code. The bidding process should be based on a formal Request for Proposal (RFP) which would include a detailed needs assessment by the County, along with specific criteria determined by the County's system users. The bids received would then be opened on the assigned date, and compared and ranked using criteria determined and published in the RFP.

The estimates and proposals for the accounting and reporting software package were not based on a formal RFP issued by the County, nor were they based on a formal assessment of the system criteria required by the County Departments:

- Only one of the companies contacted did a thorough, detailed review of the County's needs, and spoke to each office holder and department to determine their individual needs.
- There were no formal bids which were sealed and opened at a predetermined time.
- The criteria on the County's "scoring sheet" did not relate to areas addressed in the proposals.

We recommend that the County follow a formal RFP process to allow for the identification of specific hardware and software criteria required by County departments, provide a uniform set of criteria to all bidders, and provide meaningful criteria on which the County can evaluate the proposals and make an objective, informed decision.

Officials' Response / Auditor of State Conclusion:

Officials' Response from County Auditor

Regarding: Ohio Revised Code Section 319.14 requires the County Auditor to keep an accurate account with the County Treasurer.

The Clinton County Auditor's office kept an accurate account current with the Clinton County Treasurer throughout 2012 based on the information provided in the Treasurer's daily statement (Form 6) and closed the county's 2012 financial records in January of 2013. The Auditor's records were balanced with the Treasurer's records. However, the information contained in the Form 6 was inaccurate. The Auditor's office was notified in February 2013 by the Treasurer's office that 2012 daily statements provided by the Treasurer contained errors and would be corrected. The Treasurer provided the Auditor's with corrected information on February 21, 2013. As a result, the Auditor's office reopened its 2012 financial records and updated its records with the new information. The county's financial records were again balanced and closed on February 22, 2013. The Treasurer's office has made corrections to their 2012 records three times in 2013. The Auditor's office was informed by the Treasurer during the first week of December 2013 that his office found additional errors with their 2012 reports and would be correcting them again. To date, the Auditor's office has not received the corrections. While it is believed that the corrections will be minor, the situation underscores the difficulty faced by the Auditor's office in keeping an accurate account current with the Treasurer given the inaccurate financial data provided by the Treasurer's office.

Note: New Clinton County Treasurer Jason Walt has worked closely with the Auditor's office to ensure accurate reporting in both offices. He revised the Treasurer's daily statement to ensure accuracy and his staff is now entering all redeemed warrants into MUNIS daily. His staff is working to provide revised data to the Auditor's office for 2012 and 2013 and plans to begin using MUNIS software for his daily activities in the near future.

**FINDING NUMBER 2012-001
(Continued)**

Officials' Response from former County Treasurer:

Regarding: Ohio Revised Code Section 319.14 requires the County Auditor to keep an accurate account with the County Treasurer.

As Clinton County began 2013 on the new accounting software package, the understanding from the County Auditor was that the County Treasurer would be able to generate Form 6 – the daily balance report – from the new system when the County Auditor began to input receipts. Not long into January, there was great doubt as to when the entry of receipts would begin, and therefore, allow the system to begin to be available to generate Form 6. At about the same time, there was great discussion as to when 2012 did end – Friday December 28, when the County Auditor had the financial data converted to the new system or Monday December 31 when the year's final deposits went to the bank.

In February the County Auditor did request to stop payment on a number of December 31, 2012 outstanding checks. As all of these matters came together, a County Deputy Treasurer took the assignment to develop an Excel spreadsheet to prepare for the County Treasurer's office a daily journal so the County Treasurer could continue to reconcile monthly with the bank statements and a second Excel Spreadsheet to generate a Daily Statement – Form 6. From this point, daily balances for the first 50-some days of 2013 were caught up and the County Treasurer did continue to use these in-house products to meet our statutory requirement until the County Auditor is able to bring the new accounting software system into balance with the County Treasurer.

As my term drew to a close on September 1, 2013, the County Auditor was yet to be able to balance on a daily basis with the County Treasurer. Meanwhile, the County Treasurer was able to reconcile monthly with the bank statements providing the County government assurance as to the accuracy of the off-line system.

Officials' Response from County Auditor

Regarding: Auditor and Treasurer Reconciliation

In January of 2013, Assistant State Auditor Brian Phillips requested our data, so that he could begin preparation for our 2012 state audit. At that time, Brian was informed that the available data was incomplete because it did not include data for December 31, 2012. Brian requested the information that was available with an update after the 2012 tax year was closed. Approximately one week later, Mr. Phillips was provided data that included December 31, 2012 activity. As noted, errors in the accuracy of the Treasurer's reporting delayed closing 2012.

Auditor of State Conclusion

State Auditors were not informed that the data was incomplete when provided by the County Auditor. Once the State Auditors determined the information was incomplete, they were informed by the County Auditor that no material transactions occurred on December 31, 2012 and that the County intended to present the activity from December 31, 2012 on the 2013 statements. The State Auditors subsequently discovered that the County recorded material transfers on December 31, 2012 to create capital projects funds, and had decided to include the December 31, 2012 activity in the 2012 financial statements. The County Treasurer was not aware of the decision to include the December 31, 2012 activity in the 2012 financial statements, and therefore had not created the Form 6 in the former system for December 31, 2012.

**FINDING NUMBER 2012-001
(Continued)**

Officials' Response from County Auditor

Regarding: Automatic Data Processing (ADP) Board Documentation and Status - Status of the ADP Board:

Response to 1-3- County ADP Board approval was not required prior to acquiring MUNIS because the ADP Board did not exist at the time of its purchase. Under Ohio Revised Code Sections 387.84-.847 a County ADP Board may be established only by the authority of the County Board of Commissioners. The County Prosecutor's Office opinion, at the time it was offered, was that it was not aware of any Resolution by the Board of County Commissioners dissolving the ADP Board. Subsequent research has revealed the Clinton County ADP Board was dissolved by Resolution of the Clinton County Commissioners dated February 4, 1998. The ADP Board was reestablished by Resolution of the County Commissioners dated July 30, 2012. Accordingly, it is undisputed that at the time MUNIS was acquired, there was no ADP Board with authority or jurisdiction over its purchase, and any approval of the same was not required.

Auditor of State Conclusion

At the time the MUNIS system was purchased, the Prosecutor's office had not yet received a copy of the February 4, 1998 resolution dissolving the ADP Board. Also, we did not review Commissioner meeting minutes for meetings subsequent to February 4, 1998 to determine if the ADP Board was reinstated. Finally the fact that ADP Board meetings were scheduled and held as described in the finding would indicate that there may have been a reinstatement of the ADP Board. Our intent in including this issue in the finding was to emphasize the need for County officials to conduct the purchase of such a vital accounting system in accordance with defined policies and procedures and in accordance with Ohio Law.

Officials' Response from County Auditor

Regarding: Competitive Bidding

Competitive bidding was not required prior to the purchase of MUNIS as such purchases are expressly exempted under Ohio Revised Code 307.86. The Auditor of State finding to the contrary ignores the plain language of ORC 307.86(B) (2) which provides that competitive bid requirements do not apply if "[t]he purchase consists of services related to information technology, such as programming services, that are proprietary or limited to a single source." According, a purchase is exempt if it: (a) is related to information technology; and (b) is proprietary or limited to a single source. The phrase "such as programming services," is illustrative, not limiting.

Information technology (IT) has been defined as the application of computers and telecommunications equipment to store, retrieve, transmit and manipulate data, often in the context of a business or other enterprise. *Daintith, John, ed. (2009), "IT", A Dictionary of Physics, Oxford University Press.* A broad array of industries are encompassed within information technology including: computer hardware, software, electronics, semiconductors, internet, telecom equipment, e-commerce and computer services. *Chandler, Daniel; Munday, Rod, "Information technology", A Dictionary of Media and Communication (first ed.)*

MUNIS is a County-wide accounting and financial computer and telecommunications software system and services specifically adapted to Clinton County for the purpose to "store, retrieve, transmit and manipulate data" on behalf and enterprise, i.e. the County and its various departments. The system is comprehensive IT, handling the County's budgeting, revenue, cost-reports, human resources and payroll, all uniquely coded to Clinton County, all of said services and software being "related to information technology."

**FINDING NUMBER 2012-001
(Continued)**

Further, the MUNIS System is proprietary or limited to a single source. Proprietary software, or closed source software, is computer software licensed under exclusive legal right of the copyright holder with the intent that the licensee is given the right to use the software only under certain conditions, and restricted from other uses, such as modification, sharing, studying, redistribution, or reverse engineering. The MUNIS System is undisputedly proprietary. It has been copyrighted and Clinton County was required to execute an end-user license agreement wherein the County agreed it shall not modify, share, study, redistribute or reverse engineer the software. Being copyrighted, MUNIS is also available only from a single source.

Auditor of State Conclusion

The Auditor of State disagrees with the County's interpretation of Ohio Revised Code 307.86(B) (2). This section refers to ". . .services related to information technology, such as programming services, that are proprietary . . ."

The County purchased proprietary "off-the-shelf" accounting and financial reporting packages (software) which was verified with the vendor by State Auditors. The vendor also verified to State Auditors that the County purchased no "services", such as programming; the County purchased only training.

Also, this package purchased by the County was not the only software capable of meeting the County's accounting and financial reporting needs and was therefore not limited to a single source, as indicated by:

- the County's informal request to other vendors for price information on other accounting and financial reporting packages;
- the County's responsibility to for determining account codes set up the various accounts for receipts and disbursements.

Therefore, the software ultimately purchased the County was neither a service, nor limited to a single source.

FINDING NUMBER 2012-002

NONCOMPLIANCE AND MATERIAL WEAKNESS

Ohio Administrative Code Section 117-2-03 (B) requires the County to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP).

The Former Clinton County Hospital Fund is the County's only enterprise fund. The fund is used to account for the "wind down" associated with the sale of the hospital.

We identified the following conditions:

- Expenditure activity of the fund was not presented on the financial statements, resulting in an audit adjustment to increase both non-operating expenditures and non-operating revenues by \$147,925.

**FINDING NUMBER 2012-002
(Continued)**

- As part of the sale of the hospital, funds were placed in escrow to cover possible liabilities that were not identified at the time of the sale. Amounts identified in the escrow agreement (less claims) become available to the County each December 1 during the five year escrow period, which is currently in effect. As of December 31, 2012, \$3,333,333 of the \$12,166,676 held in escrow was available to the County. The remaining \$8,833,343 was held by an escrow agent, and according to standards set for in Governmental Accounting Standards Board number 54 this amount should have been classified as a non-spendable fund balance. The County classified this amount as unassigned fund balance and therefore an audit adjustment was required to decrease the General fund unassigned fund balance and increase the General Fund non-spendable fund balance by \$8,833,343.

We recommend the County implement procedures to ensure that the activity and fund balances are properly presented in accordance with GAAP in the financial statements.

We received no response from officials to this finding.

FINDING NUMBER 2012-003

NONCOMPLIANCE AND SIGNIFICANT DEFICIENCY

Ohio Revised Code, Section 5705.13(A)(1), allows for a taxing authority of a subdivision, by resolution or ordinance, to establish a reserve balance account to accumulate currently available resources to stabilize subdivision budgets against cyclical changes in revenues and expenditures. The Ohio Revised Code also provides that the amount of money to be reserved in such an account in any fiscal year shall not exceed the greater of five percent (5%) of the revenue credited or one-sixth (1/6) of the expenditures made during the preceding fiscal year from the fund in which the account was established. A taxing authority may reduce or eliminate, by resolution or ordinance, the reserve balance in a reserve balance account.

During the audit period, the County Commissioners established a reserve account in the General Fund by resolution #12-866. The balance of the cash reserve account was determined to be \$2,103,795 which represented one-sixth of the General Funds expenditures during the previous year. On December 31, 2012 the County's General Fund cash balance was \$1,366,285. The County Commissioners did not reduce or eliminate the cash balance of the reserve account by resolution or ordinance, and allowed the General Fund account balance to go below the established required cash reserve balance amount. The County Commissioners did not establish any internal control mechanisms to alert management when the General fund cash balance dropped below the established cash reserve amount.

We recommend that the County Commissioners establish an appropriate internal control procedure to alert management when the fund balance drops below the established cash reserve amount.

We received no response from officials to this finding.

FINDING NUMBER 2012-004

MATERIAL WEAKNESS

The County is responsible for the design and implementation of an internal control process that provides reasonable assurance as to the integrity of its financial reporting, the efficiency, and its effectiveness of its operations. This includes a process for the proper accounting for capital assets and related depreciation, and identifying asset purchases that meet the County's criteria for capitalization.

**FINDING NUMBER 2012-004
(Continued)**

On November 2, 2009, the Commissioners approved resolution #09-1226 setting forth a capital asset policy and procedures for Clinton County in accordance with GASB Statement No. 34. The policy established specific responsibilities and procedures to facilitate the safeguarding and reporting of the County's capital assets that included, but was not limited to, the following:

- County Administrator's office is responsible for the design, implementation, and perpetuation of an asset management system; the specific identification of all the County's capital assets; directing and monitoring of an annual physical inventory at each location; and preparing a master list for the previous calendar year annually and providing a copy to the Auditor's Office by the last Monday in February for GASB reporting purposes.
- New assets acquired by the County must be reported to the County Administrator's office by each department, using the prescribed capital asset form.
- The County Auditor's office will review purchase orders and ensure that all capital assets are being reported by the various departments to the County Administrator's Office.
- All disposals of assets by any means must be reported to the County Auditor's office using the prescribed capital asset form.
- If the newly acquired asset involves an exchange or trade-in of another capital asset, the County Administrator's office must perform a valuation of the old capital asset, recognizing gains and losses on the exchange or trade-in of capital assets.

We identified the following conditions related to the County's capital asset policy:

- The County Administrator did not prepare a master capital asset listing and provide a copy to the County Auditor.
- Newly acquired assets were not reported to the County Administrator by the various departments using the prescribed capital asset form.
- The County Auditor's office did not review purchase orders to capital asset listings from the various departments to ensure completeness.
- Retired capital assets were not reported to the County Auditor's office using the prescribed forms.
- Exchanged or traded-in assets were not properly reported and valued, resulting in no recognized gains or losses being recognized.
- Errors by the County in recording capital assets and related depreciation resulted in audit adjustments to: increase Depreciable Capital Assets by \$6,027,095, decrease accumulated depreciation and depreciation expense by \$2,199,600 and increase net capital assets by \$8,226,695. Many of the adjustments were required because the useful life of the capital asset not accurately posted.

Failure to maintain a listing of capital assets could result in difficulties locating assets or determining the asset's existence. This could result in financial statement errors, the acquisition of duplicated assets, insufficient insurance coverage, and the undetected loss or misappropriation of County capital assets.

We recommend the County follow the policies and procedures established in Resolution #09-1226 to ensure the accuracy and completeness of their capital asset inventory records throughout the year. In addition to following the current capital asset policies and procedures, we recommend the following:

**FINDING NUMBER 2012-004
 (Continued)**

- The County should provide all updates and capital asset listings to the firm that completed the GAAP conversion.
- We recommend that the County have an updated appraisal performed by an independent appraisal company to ensure that the capital asset listing is complete and accurate.
- We recommend that each County Department, especially the County Engineer’s Office, review the useful life for each of their assets, and discuss their estimates with the County Auditor or whomever the County Commissioners delegate as the responsible party.
- We recommend the County require a disposition form that includes supervisory approval for any capital asset disposals. Also, any transfers made between departments, within the county, should require a transfer form including a supervisor signature. Recording all disposals and transfers helps assure the County that their capital asset records are current and accurate, and that all disposals were of supervisory specific items.
- We recommend that all capital assets be tagged.

Officials’ Response:

Officials’ Response from the County Engineer: The County Engineers Office submits a Capital Asset list each year to the County Auditor’s Office in accordance with their guidelines.

We will provide any necessary useful life data to whomever the County Commissioners delegate as the responsible party for updating these assets.

Officials’ Response from County Administrator: County Administrator will ensure that Capital Asset Policy and Procedures, Resolution #09-1226, will be followed.

A master listing will be prepared with a copy provided to the Auditor by the due date of February 24, 2014. Elected Officials and Department Heads will be asked to update the list for their offices by adding newly-acquired items and deleting assets which are retired or which have been transferred.

The County Administrator in collaboration with the Auditor will provide updates and capital asset listings to the firm that prepares GAAP statements.

The County Administrator will explore obtaining an updated appraisal performed by an independent appraisal company during 2014.

3. FINDINGS FOR FEDERAL AWARDS

Finding Number	2012-005
CFDA Title and Number	Title XX – Social Services Block Grant #93.667
Federal Agency	U.S. Department of Health and Human Services
Pass-Through Agency	Ohio Department of Developmental Disabilities

**FINDING NUMBER 2012-005
 (Continued)**

NONCOMPLIANCE AND MATERIAL WEAKNESS

Ohio Job and Family Services Administrative Procedure Manual Section 5501 requires counties to complete an electronic report referred to as JFS 04282 in order to facilitate required federal reporting. The JFS 04282 report captures data for individuals receiving public or private services funded in whole or in part with SSBG Funds. The 04282 reports are to be submitted to the ODJFS Bureau of Federal Financial Reporting no later than 45 calendar days following the end of the quarter. Counties must submit a report even if SSBG direct services were not provided and/or purchased services expenditures were not made during the quarter.

Two of the four reports were not submitted timely. All four of the reports were submitted with the data entry fields as zero, even though the county had total Title XX expenditures of \$263,067. Failure to properly report data could lead to a loss of Title XX funding for the county.

We recommend the County develop internal control procedures to ensure that reports are submitted timely and accurately. This will allow the County to comply with Ohio Department of Job and Family Services requirements that were adopted to facilitate federal reporting.

Officials' Response:

Following elimination of external Title XX contracts issued by Clinton County Job and Family completion of the qtrly 4282 report was based on zero recipients served through external Title XX contracts. Former external contracts included Adult Prot. Services, Legal Aide and Planned Parenthood.

The 4282 qtrly. report completion was monitored by Income Maint. Supervisor assigned to external Title XX contracts.

Job and Family Services internal use of Title XX funding through Random Moment Time study, Certification of Funds report for Child Welfare services and eligible direct cost.

Clarification will be sought from Ohio Dept. of Job and Family Services regarding completion of recipient information for qtrly. 4282 reporting.

Finding Number	2012-006
CFDA Title and Number	All Federal Programs
Federal Agency	All Agencies
Pass-Through Agency	All Agencies

NONCOMPLIANCE AND MATERIAL WEAKNESS

OMB Circular A-133 SS_.300(a) requires recipients of Federal Awards to prepare a *Schedule of Expenditures of Federal Awards* and provide it to the auditor. The schedule should show the name of the program, the Catalog of Federal Domestic Assistance number, the Federal Agency, and the amount of federal expenditures by program. For Federal Awards received as a sub-recipient, the name of the pass-through entity and the identifying number assigned by the pass-through entity shall be included.

**FINDING NUMBER 2012-006
(Continued)**

The County does not have a system in place to identify and monitor the federal award expenditures. The County relies on the various departments that manage each award to provide expenditure data and grant agreements to the accounting firm which compiles the information for the schedule. The County's Schedule of Federal Awards Expenditures originally presented for audit was understated by \$1,676,486. An inaccurate schedule could result in the loss of federal funds or jeopardize future federal funding.

SPONSORSHIP OF FEDERAL PROGRAMS

OMB Circular A-133 SS_.300(c) requires recipients of Federal awards to comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs. The Clinton County Board of Commissioners acted as the Sponsor for certain programs. As part of the grant agreements, the County (as the sponsor) agreed to comply with the terms and conditions contained in the Project Applications, including keeping records of the project, tracking the total costs of the project, the amount of funding for the project from other sources, and any other records that would be pertinent to the project. The Sponsor (the County) also agreed to adhere to the guidelines of the Single Audit Act Requirements in that the Sponsors were to coordinate with the audit of the County to ensure that the federal funds expended were disclosed to fulfill their audit requirement.

The County Commissioners did not properly disclose their role as Sponsor of the Federal grants for purposes of audit, nor was the program included in the Federal Schedule. No records of the projects were maintained by the County Commissioners to document the total cost of neither the projects nor the amount of the grant proceeds or the disposition of such. The County Commissioners did not adhere to the Single Audit Act Requirements in that they did not report the amount of federal funds expended during the audit period from the proceeds of the grant. Lack of adherence to the terms of the Federal grant could result in the loss funding for the current and future projects.

We recommend that the County develop a system to identify all federal award expenditures and monitor its agreements for federal programs periodically during the year to ensure the accuracy of the Schedule of Federal Awards Expenditures.

We recommend that the County Commissioners put into place monitoring policies and establish internal control procedures over compliance and subrecipient monitoring procedures such as: reviewing and monitoring the reports received from the subrecipient; maintaining documentation to show that the subrecipient is meeting compliance requirements and the County is performing monitoring procedures.

We recommend that the County Commissioners develop a policy and system of procedures to properly identify any and all grant agreement terms so that proper adherence to those terms will be ensured. The County should review the agreement terms and designate adherence to the terms to the proper County employee(s). Any questions or concerns the County may have pertaining to adherence to the terms of the agreements should be presented to the issuing Agency prior to acceptance of the grant.

Official's Response:

In coordination with the County Auditor and other departments as necessary, the Clinton County Administrator will develop and implement policies and internal controls to identify federal award expenditures and monitor the county's federal programs throughout the year to ensure the accuracy of the Schedule of Federal Awards Expenditures

Finding Number	2012-007
CFDA Title and Number	Title IV-E: Adoption Assistance, #93.659
Federal Agency	U.S. Department of Health and Human Services
Pass-Through Agency	Ohio Department of Job and Family Services

SIGNIFICANT DEFICIENCY

The County utilizes a spreadsheet provided by the Ohio Department of Job and Family Services (ODJFS) to calculate the amounts to be reported as expenditures on the federal schedule. To complete the Schedule of Federal Awards Expenditures accurately, the spreadsheet provided by ODJFS must be complete and accurate.

We noted that Title IV-E contracts for the fourth quarter were not entered into the spreadsheet. This caused the expenditures reported for the Adoption Assistance CFDA 93.659 to be understated by \$11,562.

We also noted that only fifty percent of the nonrecurring adoption expenditures should have been reported in the spreadsheet, but the nonrecurring adoption expenditures were reported at 100% causing an overstatement of \$3,088.

Failure to complete the spreadsheet with accurate figures can result in misstatement of the required Schedule of Federal Awards Expenditures.

We recommend that the County Department of Job and Family Services develop and implement a control system to timely identify and correct errors. A proper system of internal controls will help the County to ensure that the expenditures reported are accurate.

Officials' Response:

During CY 2012, Job and Family Services department state financial reporting program began with CORE program for Jan-June 2012. Effective July 2013, state financial reporting program changed to CFIS program.

The Title IVE contract amt. for fourth quarter was overlooked during posting to federal expenditure worksheet in amt. of \$11,562.

Non-recurring adoption federal expenditure amt. was posted to worksheet at 100% vs 50% federal participation. Overstating federal expenditure in amount of \$3,088.

For CY2013 reporting, CFIS reports will be used for the entire CY instead of 2 different program reports to avoid posting errors.

This page intentionally left blank.

CLINTON COUNTY

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2011-001	Port Authority's lack of Capital Asset	Yes	Corrected
2011-002	Port Authority did not complete a certificate of estimated resources.	Yes	Corrected
2011-003	Port Authority purchases were initiated without obtaining prior certification or Board approval.	Yes	Corrected
2011-004	Port Authority did not provide an annual appropriation measure nor did they appropriate any funds for 2011.	Yes	Corrected

This page intentionally left blank.

CLINTON COUNTY

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

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2012-005	<p>From Clinton County Job and Family Services: Following elimination of external Title XX contracts issued by Clinton County Job and Family completion of the qtrly 4282 report was based on zero recipients served through external Title XX contracts. Former external contracts included Adult Prot. Services, Legal Aide and Planned Parenthood.</p> <p>The 4282 qtrly. report completion was monitored by Income Maint. Supervisor assigned to external Title XX contracts.</p> <p>Job and Family Services internal use of Title XX funding through Random Moment Time study, Certification of Funds report for Child Welfare services and eligible direct cost.</p> <p>Clarification will be sought from Ohio Dept. of Job and Family Services regarding completion of recipient information for qtrly. 4282 reporting.</p>	March 2014	JFS Dept-Cheryl Babb
2012-006	<p>From Clinton County Commissioners: In coordination with the County Auditor and other departments as necessary, the Clinton County Administrator will develop and implement policies and internal controls to identify federal award expenditures and monitor the county's federal programs throughout the year to ensure the accuracy of the Schedule of Federal Awards Expenditures.</p>	March 2014	County Administrator
2012-007	<p>From Clinton County Job and Family Services: During CY 2012, Job and Family Services department state financial reporting program began with CORE program for Jan-June 2012. Effective July 2013, state financial reporting program changed to CFIS program.</p> <p>The Title IVE contract amt. for fourth quarter was overlooked during posting to federal expenditure worksheet in amt. of \$11,562.</p> <p>Non-recurring adoption federal expenditure amt. was posted to worksheet at 100% vs 50% federal participation. Overstating federal expenditure in amount of \$3,088.</p> <p>For CY2013 reporting, CFIS reports will be used for the entire CY instead of 2 different program reports to avoid posting errors.</p>	March 2014	JFS Dept-Cheryl Babb

This page intentionally left blank.



Dave Yost • Auditor of State

CLINTON COUNTY

CLINTON 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
FEBRUARY 4, 2014