



Dave Yost • Auditor of State

GALLIA COUNTY
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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Gallia County
18 Locust Street
Gallipolis, Ohio 45631

To the Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Gallia County, Ohio (the County), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Gallia County, Ohio, as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Motor Vehicle Gasoline Tax, Job and Family Services, and Board of Developmental Disabilities Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis* and *Schedules for Infrastructure Assets Accounted for Using the Modified Approach*, 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, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

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

The Schedule of Federal Awards Expenditures (the Schedule) 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 relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected the Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the Schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 September 25, 2014, 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

September 25, 2014

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Gallia County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

The discussion and analysis of Gallia County's (the County) financial performance provides an overall review of the County's financial activities for the year ended December 31, 2013. 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 the notes to the basic financial statements to enhance their understanding of the County's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2013 are as follows:

- In total, net position decreased \$1,888,810. Net position of governmental activities increased \$211,761, or .19 percent from 2012. Net position of business-type activities decreased \$2,100,571 or 22.43 percent from 2012.
- Overall, the fund balance of governmental funds increased \$594,831. While the General Fund increased \$284,970, the Motor Vehicle Gasoline Tax Fund decreased \$460,508.

USING THIS ANNUAL FINANCIAL REPORT

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the financial position of the County.

The Statement of Net Position and the Statement of Activities provide information about the activities of the County as a whole, presenting both an aggregate and a longer-term view of the County. Fund financial statements provide a greater 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. Fund financial statements report the County's most significant funds individually and the County's non-major funds in a single column.

Reporting Gallia County as a Whole

Statement of Net Position and Statement of Activities

While this document contains information about the funds used by the County to provide services to our citizens, the view of the County as a whole looks at all financial transactions and asks the question, "How did we do financially during 2013?" The Statement of Net Position and Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

These statements report the County's net position and changes in net position. This change in net position is important because it tells the reader whether, for the County as a whole, the financial position of the County has improved or worsened. Over time, these changes are one indicator of whether the financial position is improving or deteriorating. However, in evaluating the overall position of the County, non-financial information, such as the condition of the County's capital assets and changes in the County's property tax base will also need to be evaluated.

In the Statement of Net Position and the Statement of Activities, the County is divided into two kinds of activities:

- **Governmental Activities** – Most of the County's programs or services are reported here, including legislative and executive, judicial, public safety, public works, health, human services, and community and economic development. These services are funded primarily by taxes and intergovernmental receipts, including federal and state grants and other shared revenues.

Gallia County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

- **Business-Type Activities** – These services are provided on a charge for goods or services basis. Sewer services have charges based on the amounts of usage. The County charges fees to recoup the cost of the entire operation or our sewer treatment operations, as well as all capital expenses associated with these facilities and equipment.

Reporting Gallia County's Most Significant Funds

Fund Financial Statements

The basic governmental fund financial statements begin on page 16. Fund financial reports provide detailed information about the County's major funds. Based upon restrictions on the use of monies, the County has established many funds which account for the multitude of services provided to our residents. However, these fund financial statements focus on the County's most significant funds. The County's major funds are the General Fund; the Motor Vehicle Gasoline Tax, Job and Family Services, and Board of Developmental Disabilities Special Revenue Funds; and the Sewer Enterprise Fund.

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

Because the focus of governmental funds is narrower than 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 reader may better understand the long-term impact of the County's near-term financial 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 number of individual governmental funds. Information for major funds, identified earlier, is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single aggregated presentation.

Proprietary Funds The County uses enterprise funds to account for its sewer operations. For these operations, the County charges a fee to customers, based upon the amount of usage, to recover the costs of the services provided, and to cover the capital assets associated with the services.

Gallia County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

GALLIA COUNTY AS A WHOLE

Recall that the Statement of Net Position provides the perspective of the County as a whole. Table 1 provides a summary of the County's net position for 2013 compared to 2012.

(Table 1)
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Assets						
Current and Other Assets	\$17,430,473	\$18,016,483	\$2,083,547	\$3,971,340	\$19,514,020	\$21,987,823
Capital Assets, Net	105,496,276	105,030,171	10,781,215	10,876,111	116,277,491	115,906,282
<i>Total Assets</i>	<u>122,926,749</u>	<u>123,046,654</u>	<u>12,864,762</u>	<u>14,847,451</u>	<u>135,791,511</u>	<u>137,894,105</u>
Liabilities						
Current and Other Liabilities	2,207,264	1,833,654	250,877	112,446	2,458,141	1,946,100
Long-Term Liabilities:						
Due within One Year	102,132	604,404	487,900	1,984,049	590,032	2,588,453
Due in More than One Year	3,166,612	3,304,361	4,859,496	3,383,896	8,026,108	6,688,257
<i>Total Liabilities</i>	<u>5,476,008</u>	<u>5,742,419</u>	<u>5,598,273</u>	<u>5,480,391</u>	<u>11,074,281</u>	<u>11,222,810</u>
Deferred Inflows of Resources						
Property Taxes Not Levied to Finance Current Year Operations	3,643,928	3,709,183	0	0	3,643,928	3,709,183
Net Position						
Net Investment in Capital Assets	102,552,760	102,168,426	5,302,106	5,510,695	107,854,866	107,679,121
Restricted	7,894,899	8,612,765	0	0	7,894,899	8,612,765
Unrestricted	3,359,154	2,813,861	1,964,383	3,856,365	5,323,537	6,670,226
<i>Total Net Position</i>	<u>\$113,806,813</u>	<u>\$113,595,052</u>	<u>\$7,266,489</u>	<u>\$9,367,060</u>	<u>\$121,073,302</u>	<u>\$122,962,112</u>

Governmental activities assets decreased \$119,905. Capital assets increased in the amount of \$466,105; also, equity in pooled cash increased \$1,036,745. The County also did not report materials and supplies inventory in 2012. They reported \$142,130 in 2013. Offsetting these increases, the intergovernmental receivables decreased \$1,601,508. Total governmental activities liabilities decreased \$266,411. No particular liability account experienced any significant change.

Total business-type activities assets decreased \$1,982,689. This was due to a decrease in equity in pooled cash of \$1,844,442. The decrease in capital assets is due to the closure of the Tera Estates sewer system and the increases in depreciation. With no significant changes, liabilities increased \$117,882.

Table 2 reflects the change in net position of the current year from the prior year.

Gallia County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

(Table 2)
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
Program Revenues:						
Charges for Services	\$5,818,029	\$5,644,806	\$425,877	\$331,705	\$6,243,906	\$5,976,511
Operating Grants, Contributions and Interest	20,995,441	15,001,604	0	3,578	20,995,441	15,005,182
Capital Grants and Contributions	40,000	3,185,364	86,363	0	126,363	3,185,364
<i>Total Program Revenues</i>	<u>26,853,470</u>	<u>23,831,774</u>	<u>512,240</u>	<u>335,283</u>	<u>27,365,710</u>	<u>24,167,057</u>
General Revenues:						
Property Taxes	3,118,519	3,405,269	0	0	3,118,519	3,405,269
Sales Taxes	4,485,786	4,456,487	0	0	4,485,786	4,456,487
Grants and Entitlements	783,417	1,120,062	0	0	783,417	1,120,062
Interest	40,231	257,766	12,334	34,550	52,565	292,316
Gain on Sale of Capital Assets	7,138	0	0	0	7,138	0
Contributions and Donations	0	270	0	0	0	270
Insurance Recoveries	65,852	146,654	0	3,500,000	65,852	3,646,654
Miscellaneous	939,993	216,460	30,233	1,346	970,226	217,806
<i>Total General Revenues</i>	<u>9,440,936</u>	<u>9,602,968</u>	<u>42,567</u>	<u>3,535,896</u>	<u>9,483,503</u>	<u>13,138,864</u>
Total Revenues	<u>36,294,406</u>	<u>33,434,742</u>	<u>554,807</u>	<u>3,871,179</u>	<u>36,849,213</u>	<u>37,305,921</u>
Program Expenses						
General Government:						
Legislative and Executive	4,633,242	4,684,372	0	0	4,633,242	4,684,372
Judicial	1,839,050	1,745,650	0	0	1,839,050	1,745,650
Public Safety	5,310,385	5,070,923	0	0	5,310,385	5,070,923
Public Works	8,987,238	5,480,171	0	0	8,987,238	5,480,171
Health	3,134,414	2,991,729	0	0	3,134,414	2,991,729
Human Services	10,884,448	8,498,634	0	0	10,884,448	8,498,634
Economic Development and Assistance	1,152,639	395,199	0	0	1,152,639	395,199
Interest and Fiscal Charges	132,189	112,995	0	0	132,189	112,995
Sewer	0	0	2,664,418	578,067	2,664,418	578,067
<i>Total Program Expenses</i>	<u>36,073,605</u>	<u>28,979,673</u>	<u>2,664,418</u>	<u>578,067</u>	<u>38,738,023</u>	<u>29,557,740</u>
<i>Change in Net Position Before Transfers</i>	220,801	4,455,069	(2,109,611)	3,293,112	(1,888,810)	7,748,181
<i>Transfers</i>	<u>(9,040)</u>	<u>0</u>	<u>9,040</u>	<u>0</u>	<u>0</u>	<u>0</u>
Change in Net Position	<u>211,761</u>	<u>4,455,069</u>	<u>(2,100,571)</u>	<u>3,293,112</u>	<u>(1,888,810)</u>	<u>7,748,181</u>
<i>Net Position at Beginning of Year</i>	<u>113,595,052</u>	<u>109,139,983</u>	<u>9,367,060</u>	<u>6,073,948</u>	<u>122,962,112</u>	<u>115,213,931</u>
<i>Net Position at End of Year</i>	<u>\$113,806,813</u>	<u>\$113,595,052</u>	<u>\$7,266,489</u>	<u>\$9,367,060</u>	<u>\$121,073,302</u>	<u>\$122,962,112</u>

Governmental Activities

Program revenues accounted for 73.99 percent of total revenues for governmental activities in 2013. Governmental activities services are primarily funded through these program revenues, with operating and capital grants accounting for \$21,035,441 or 57.96 percent of total revenues. The major recipients of these intergovernmental receipts were the Motor Vehicle Gasoline Tax, Job and Family Services, and Board of Developmental Disabilities Special Revenue Funds.

Gallia County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

The County's direct charges to users of governmental services made up \$5,818,029 or 16.03 percent of total governmental revenues. These charges are for fees associated with the collection of property taxes, fines and forfeitures related to judicial activity, licenses and permits, and public assistance fees.

General revenues, primarily property and sales taxes, accounted for 26.01 percent of total revenues. This highlights the County's continued dependence upon its citizens and taxpayers to fund those programs most important to them.

Human service programs accounted for \$10,884,448 or 30.17 percent of total expenses for governmental activities. The expenses are primarily for Job and Family Services, Children's Services, and Child Support Enforcement activity. These activities are almost entirely paid from program revenues. These grants and entitlements allow the County to continue to offer a wide variety of quality services to its citizens without increasing the tax burden on our citizens.

Public safety programs are a major activity of the County, accounting for \$5,310,385 or 14.72 percent of all governmental expenses. These activities are funded primarily through property and sales taxes. The County attempts to supplement the income and activities of the sheriff department to enable the department to widen the scope of its activity at the lowest cost to the taxpayer. The Work Release Center is an example of this philosophy.

Public works programs accounted for \$8,987,238 or 24.91 percent of all governmental activities. These activities are paid entirely with program revenues. The funding from other governmental granting agencies was used for numerous road and bridge projects throughout the County.

General government legislative and executive and judicial, health, economic development and assistance, and interest and fiscal charges expenditures account for the remaining 30.20 percent of governmental expenses.

Business-Type Activities

The County's sewer operations experienced a decrease in net position of \$2,100,571 during 2013. Charges for services and capital grants accounted for \$425,877 and \$86,363, respectively, or 76.76 and 15.57 percent of total revenue. Sewer expenses increased \$2,086,351 from 2012 due mainly to the Kanauga/Addison Sewer project repairs.

THE COUNTY'S FUNDS

The County's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$37,049,071 and expenditures of \$36,729,766.

The fund balance of the General Fund increased \$284,970. The General Fund's unassigned fund balance of \$2,096,529 represented 26 percent of current year expenditures. Most of this balance remains in the County's treasury.

The fund balance of the Motor Vehicle Gasoline Tax Special Revenue Fund decreased \$460,508. The Motor Vehicle Gasoline Tax Special Revenue Fund's spendable fund balance of \$1,273,141 represented 13 percent of current year expenditures.

The fund balance of the Job and Family Services Special Revenue Fund increased \$258,852. The Job and Family Services Special Revenue Fund ended the year with a fund balance of \$113,688.

The fund balance of the Board of Developmental Disabilities Special Revenue Fund decreased \$38,340. The Board of Developmental Disabilities Special Revenue Fund's spendable fund balance of \$1,012,234 represented 35.96 percent of current year expenditures.

Gallia County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

The net position of the Sewer Enterprise Fund decreased \$2,100,571. The Sewer Fund's unrestricted net position of \$1,964,383 represented 73.73 percent of current year expenses.

General Fund Budgeting Highlights

The County's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. From time to time during the year, the fund's budget may be amended as needs or conditions change.

During the course of 2013, the County amended its General Fund budget several times, though none were significant. All recommendations for a budget change came from either the County Auditor or departmental managers to the Finance Committee of the County Commissioners for review before going to the whole Commission for Ordinance enactment on the change. The allocation of appropriations among the departments and objects within a fund may be changes during the year with approval from the County Commissioners. With the General Fund supporting many of our major activities such as our sheriff department, as well as most legislative and executive activities, the General Fund is monitored closely looking for possible revenue shortfalls or overspending by individual departments.

For the General Fund, increases of \$365,423 were made to the original budgeted revenues. Final budgeted expenditures decreased \$436,429 from the original amount. Gallia County's ending unencumbered fund balance in the General Fund was \$9,604 more than the final budgeted amount.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2013, the County had \$105,496,276 in governmental activities, and \$10,781,215 in business-type activities, invested in land, infrastructure, construction in progress, land improvements, buildings and improvements, furniture, fixtures, and equipment, and vehicles. Table 3 shows fiscal year 2013 balances compared to 2012.

(Table 3)
 Capital Assets at December 31, 2013

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$648,565	\$648,565	\$0	\$0	\$648,565	\$648,565
Infrastructure	94,196,357	93,216,132	0	0	94,196,357	93,216,132
Construction in Progress	0	533,607	6,163,583	6,051,898	6,163,583	6,585,505
Land Improvements	36,643	40,781	0	0	36,643	40,781
Building and Improvements Furniture, Fixtures, and Equipment	8,374,872	7,939,673	4,569,945	4,799,146	12,944,817	12,738,819
Vehicles	1,503,208	1,709,688	35,468	9,793	1,538,676	1,719,481
	736,631	941,725	12,219	15,274	748,850	956,999
Totals	\$105,496,276	\$105,030,171	\$10,781,215	\$10,876,111	\$116,277,491	\$115,906,282

The assets of the County are reported at historical cost, net of depreciation. The County uses the modified approach to present infrastructure for its governmental type activities. Disclosures about the condition assessments for infrastructure can be found in the Required Supplementary Information. For additional information on capital assets, see Note 10 to the basic financial statements.

Gallia County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

Debt

By year end, the County had various bonds, loans, and capital leases payable, totaling \$8,290,912 of which \$587,521 is due within one year.

(Table 4)
 Outstanding Debt at December 31, 2013

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
General Obligation Bonds	\$2,752,810	\$2,834,573	\$3,495,300	\$1,664,200	\$6,248,110	\$4,498,773
OWDA Loans	0	0	1,429,346	3,304,885	1,429,346	3,304,885
OPWC Loans	181,371	0	422,750	396,331	604,121	396,331
Capital Leases	9,335	27,172	0	0	9,335	27,172
Totals	<u>\$2,943,516</u>	<u>\$2,861,745</u>	<u>\$5,347,396</u>	<u>\$5,365,416</u>	<u>\$8,290,912</u>	<u>\$8,227,161</u>

The County's overall legal debt margin was \$13,320,079 at December 31, 2013. For additional information on the County's debt, see Notes 19 and 24 to the basic financial statements.

CURRENT ISSUES

As the preceding information shows, the County depends heavily on its taxpayers and grants and entitlements. Although Gallia County has tightened spending to better bring expenses in line with revenues, and carefully watched financial planning, this must continue if the County hopes to remain on firm financial footing.

CONTACTING THE COUNTY AUDITOR'S DEPARTMENT

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 any questions about this report or need additional financial information, contact Larry M. Betz, Gallia County Auditor, 18 Locust Street, Gallipolis, Ohio 45631.

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Gallia County, Ohio
Statement of Net Position
December 31, 2013

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$6,896,976	\$2,017,768	\$8,914,744
Cash and Cash Equivalents in Segregated Accounts	32,033	0	32,033
Cash and Cash Equivalents with Fiscal Agents	344,078	0	344,078
Accounts Receivable	69,852	118,594	188,446
Internal Balances	115,102	(115,102)	0
Intergovernmental Receivable	3,794,614	62,287	3,856,901
Sales Tax Receivable	1,150,540	0	1,150,540
Materials and Supplies Inventory	142,130	0	142,130
Prepaid Items	64,404	0	64,404
Loans Receivable	791,237	0	791,237
Property Taxes Receivable	4,029,507	0	4,029,507
Nondepreciable Capital Assets	94,844,922	6,163,583	101,008,505
Depreciable Capital Assets, Net	10,651,354	4,617,632	15,268,986
<i>Total Assets</i>	<u>122,926,749</u>	<u>12,864,762</u>	<u>135,791,511</u>
Liabilities			
Accounts Payable	497,218	5,197	502,415
Contracts Payable	342,363	45,529	387,892
Retainage Payable	0	86,184	86,184
Accrued Wages Payable	283,380	720	284,100
Vacation Benefits Payable	746,803	689	747,492
Intergovernmental Payable	306,147	7,108	313,255
Accrued Interest Payable	17,996	105,450	123,446
Unearned Revenue	13,357	0	13,357
Long-Term Liabilities:			
Due within One Year	102,132	487,900	590,032
Due in More than One Year	3,166,612	4,859,496	8,026,108
<i>Total Liabilities</i>	<u>5,476,008</u>	<u>5,598,273</u>	<u>11,074,281</u>
Deferred Inflows of Resources			
Property Taxes	3,643,928	0	3,643,928
Net Position			
Net Investment in Capital Assets	102,552,760	5,302,106	107,854,866
Restricted for:			
Debt Service	54,096	0	54,096
Job and Family Services	267,094	0	267,094
Judicial	883,248	0	883,248
Public Safety	70,836	0	70,836
Emergency Management	639,869	0	639,869
Real Estate Management	309,039	0	309,039
Roads and Bridges	2,887,067	0	2,887,067
Board of Developmental Disabilities	1,226,026	0	1,226,026
Community and Economic Development	1,024,306	0	1,024,306
Unclaimed Monies	12,965	0	12,965
Other Purposes	520,353	0	520,353
Unrestricted	3,359,154	1,964,383	5,323,537
<i>Total Net Position</i>	<u>\$113,806,813</u>	<u>\$7,266,489</u>	<u>\$121,073,302</u>

See accompanying notes to the basic financial statements

Gallia County, Ohio
Statement of Activities
For the Year Ended December 31, 2013

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions and Interest	Capital Grants and Contributions
Governmental Activities				
General Government:				
Legislative and Executive	\$4,633,242	\$1,698,842	\$150,399	\$40,000
Judicial	1,839,050	810,502	287,949	0
Public Safety	5,310,385	1,226,053	275,167	0
Public Works	8,987,238	213,923	8,906,015	0
Health	3,134,414	542,722	1,183,870	0
Human Services	10,884,448	887,493	10,063,513	0
Economic Development and Assistance	1,152,639	438,494	128,528	0
Interest and Fiscal Charges	132,189	0	0	0
<i>Total Governmental Activities</i>	36,073,605	5,818,029	20,995,441	40,000
Business-Type Activity				
Sewer	2,664,418	425,877	0	86,363
<i>Total Primary Government</i>	<u>\$38,738,023</u>	<u>\$6,243,906</u>	<u>\$20,995,441</u>	<u>\$126,363</u>

General Revenues

Property Taxes Levied for:
 General Purposes
 Board of Developmental Disabilities
Sales Taxes Levied for:
 General Purposes
 Public Safety
Grants and Entitlements not Restricted to Specific Programs
Interest
Gain on Sale of Capital Assets
Insurance Recoveries
Miscellaneous

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue
and Changes in Net Position
Primary Government

Governmental Activities	Business-Type Activity	Total
(\$2,744,001)	\$0	(\$2,744,001)
(740,599)	0	(740,599)
(3,809,165)	0	(3,809,165)
132,700	0	132,700
(1,407,822)	0	(1,407,822)
66,558	0	66,558
(585,617)	0	(585,617)
(132,189)	0	(132,189)
(9,220,135)	0	(9,220,135)
0	(2,152,178)	(2,152,178)
(9,220,135)	(2,152,178)	(11,372,313)
2,145,471	0	2,145,471
973,048	0	973,048
3,590,233	0	3,590,233
895,553	0	895,553
783,417	0	783,417
40,231	12,334	52,565
7,138	0	7,138
65,852	0	65,852
939,993	30,233	970,226
9,440,936	42,567	9,483,503
(9,040)	9,040	0
9,431,896	51,607	9,483,503
211,761	(2,100,571)	(1,888,810)
113,595,052	9,367,060	122,962,112
<u>\$113,806,813</u>	<u>\$7,266,489</u>	<u>\$121,073,302</u>

Gallia County, Ohio

Balance Sheet

Governmental Funds

December 31, 2013

	General	Motor Vehicle Gasoline Tax	Job and Family Services	Board of Developmental Disabilities	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$1,477,898	\$1,111,561	\$492,040	\$596,625	\$2,832,589	\$6,510,713
Cash and Cash Equivalents in Segregated Accounts	8,755	0	0	3,544	19,734	32,033
Cash and Cash Equivalents with Fiscal Agents	0	0	0	344,078	0	344,078
Restricted Assets:						
Cash and Cash Equivalents	12,965	0	0	0	0	12,965
Receivables:						
Property Taxes	2,900,831	0	0	1,128,676	0	4,029,507
Sales Taxes	920,430	0	0	0	230,110	1,150,540
Accounts	193	0	0	20,076	49,583	69,852
Intergovernmental	492,195	2,189,127	274,662	469,981	368,649	3,794,614
Loans	0	0	0	0	791,237	791,237
Interfund	188,282	2,000	1,301	1,063	36,517	229,163
Materials and Supplies Inventory	0	142,130	0	0	0	142,130
Prepaid Items	64,404	0	0	0	0	64,404
Total Assets	\$6,065,953	\$3,444,818	\$768,003	\$2,564,043	\$4,328,419	\$17,171,236
Liabilities and Fund Balances						
Liabilities						
Accounts Payable	\$126,797	\$82,030	\$155,871	\$27,384	\$105,136	\$497,218
Contracts Payable	12,224	294,911	0	0	35,228	342,363
Accrued Wages Payable	54,583	24,940	83,461	61,503	58,893	283,380
Intergovernmental Payable	93,000	23,948	81,093	36,323	71,783	306,147
Interfund Payable	2,000	0	48,237	0	63,824	114,061
Unearned Revenue	0	0	13,357	0	0	13,357
Total Liabilities	288,604	425,829	382,019	125,210	334,864	1,556,526
Deferred Inflows of Resources						
Property Taxes not Levied to Finance Current Year Operations	2,626,245	0	0	1,017,683	0	3,643,928
Unavailable Revenue	941,437	1,603,718	272,296	408,916	361,056	3,587,423
Total Deferred Inflows of Resources	3,567,682	1,603,718	272,296	1,426,599	361,056	7,231,351
Fund Balances						
Nonspendable	77,369	142,130	0	0	791,237	1,010,736
Restricted	0	1,273,141	113,688	1,012,234	2,582,751	4,981,814
Committed	878	0	0	0	268,420	269,298
Assigned	34,891	0	0	0	0	34,891
Unassigned	2,096,529	0	0	0	(9,909)	2,086,620
Total Fund Balances	2,209,667	1,415,271	113,688	1,012,234	3,632,499	8,383,359
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$6,065,953	\$3,444,818	\$768,003	\$2,564,043	\$4,328,419	\$17,171,236

See accompanying notes to the basic financial statements

Gallia County, Ohio
*Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
December 31, 2013*

Total Governmental Fund Balances \$8,383,359

***Amounts reported for governmental activities
in the statement of net position are different because***

Capital Assets used in governmental activities are not financial resources and therefore are not reported in the funds. 105,496,276

Other long-term assets are not available to pay for current-period expenditures and therefore are not reported in the funds:

Delinquent Property Taxes	385,579	
Sales Taxes	434,233	
Intergovernmental Revenues	2,682,465	
Charges for Services	82,974	
Miscellaneous	2,172	3,587,423

An internal service fund is used by management to charge the cost of insurance to individual funds. The assets and the liabilities of the internal service fund are included in governmental activities in the statement of net position. 373,298

Vacation Benefits Payable is recognized for earned vacation benefits that are to be used within one year but is not recognized on the balance sheet until due. (746,803)

Long-term liabilities, accrued interest, and vacation benefits that are not due and payable in the current period and therefore are not reported in the funds:

GO Bonds Payable	(2,752,810)	
OPWC Loans Payable	(181,371)	
Capital Leases Payable	(9,335)	
Accrued Interest Payable	(17,996)	
Compensated Absences	(325,228)	(3,286,740)

Net Position of Governmental Activities \$113,806,813

See accompanying notes to the basic financial statements

Gallia County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2013

	General	Motor Vehicle Gasoline Tax	Job and Family Services	Board of Developmental Disabilities	Other Governmental Funds	Total Governmental Funds
Revenues						
Property Taxes	\$2,142,747	\$0	\$0	\$971,895	\$0	\$3,114,642
Sales Taxes	3,601,233	0	0	0	898,309	4,499,542
Intergovernmental	1,072,923	8,911,622	8,569,574	1,270,436	2,831,764	22,656,319
Charges for Services	1,316,782	163,396	615,987	447,631	2,573,836	5,117,632
Fines and Forfeitures	185,855	12,027	0	0	294,371	492,253
Interest	40,314	5,441	0	0	417	46,172
Rent	45,409	0	5,754	59,952	62,960	174,075
Gifts and Donations	0	0	0	5,500	4,207	9,707
Other	614,461	132,076	16,920	112,276	62,996	938,729
<i>Total Revenues</i>	<u>9,019,724</u>	<u>9,224,562</u>	<u>9,208,235</u>	<u>2,867,690</u>	<u>6,728,860</u>	<u>37,049,071</u>
Expenditures						
Current:						
General Government:						
Legislative and Executive	4,305,920	0	0	0	397,944	4,703,864
Judicial	910,328	0	0	0	911,693	1,822,021
Public Safety	2,484,443	0	0	0	2,671,170	5,155,613
Public Works	59,278	9,720,519	0	0	31,976	9,811,773
Health	71,081	0	0	2,814,817	80,010	2,965,908
Human Services	358,648	0	9,035,752	0	1,460,510	10,854,910
Community and Economic Development	0	0	0	0	1,184,192	1,184,192
Debt Service:						
Principal Retirement	14,911	0	0	0	84,689	99,600
Interest and Fiscal Charges	1,782	0	0	0	130,103	131,885
<i>Total Expenditures</i>	<u>8,206,391</u>	<u>9,720,519</u>	<u>9,035,752</u>	<u>2,814,817</u>	<u>6,952,287</u>	<u>36,729,766</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>813,333</u>	<u>(495,957)</u>	<u>172,483</u>	<u>52,873</u>	<u>(223,427)</u>	<u>319,305</u>
Other Financing Sources (Uses)						
Insurance Recoveries	65,852	0	0	0	0	65,852
Proceeds from Sale of Capital Assets	37,343	0	0	0	0	37,343
Proceeds of OPWC Loans	0	181,371	0	0	0	181,371
Transfers In	144,170	0	86,369	0	805,509	1,036,048
Transfers Out	(775,728)	(145,922)	0	(91,213)	(32,225)	(1,045,088)
<i>Total Other Financing Sources (Uses)</i>	<u>(528,363)</u>	<u>35,449</u>	<u>86,369</u>	<u>(91,213)</u>	<u>773,284</u>	<u>275,526</u>
<i>Net Change in Fund Balance</i>	284,970	(460,508)	258,852	(38,340)	549,857	594,831
<i>Fund Balances (Deficit) at Beginning of Year</i>	<u>1,924,697</u>	<u>1,875,779</u>	<u>(145,164)</u>	<u>1,050,574</u>	<u>3,082,642</u>	<u>7,788,528</u>
<i>Fund Balances at End of Year</i>	<u>\$2,209,667</u>	<u>\$1,415,271</u>	<u>\$113,688</u>	<u>\$1,012,234</u>	<u>\$3,632,499</u>	<u>\$8,383,359</u>

See accompanying notes to the basic financial statements

Gallia 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, 2013*

Net Change in Fund Balances - Total Governmental Funds \$594,831

***Amounts reported for governmental activities in the
statement of activities are different because***

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period:

Capital Assets Additions	1,923,548	
Depreciation Expense	<u>(793,664)</u>	1,129,884

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss on disposal of assets:

Loss on Disposal of Capital Assets		(663,779)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Delinquent Property Taxes	3,877	
Sales Taxes	(13,756)	
Intergovernmental Revenues	(893,109)	
Charges for Services	34,069	
Other Revenues	<u>1,264</u>	(867,655)

Repayments of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:

General Obligation Bonds Payable	81,763	
Capital Leases Payable	<u>17,837</u>	99,600

In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, interest is expended when due. (304)

Other financing sources in the governmental funds that increase long-term liabilities in the statement of net position are not reported:

Proceeds of OPWC Loans		(181,371)
------------------------	--	-----------

The internal service fund used by management to charge the cost of insurance to individual funds is not reported in the government-wide statement of activities. Governmental expenditures and the related internal service fund revenue are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities: 125,566

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds:

Vacation Benefits Payable	(33,865)	
Compensated Absences Payable	<u>8,854</u>	<u>(25,011)</u>

Change in Net Position of Governmental Activities \$211,761

See accompanying notes to the basic financial statements

Gallia County, Ohio
*Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
General Fund
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$2,190,028	\$2,213,635	\$2,213,635	\$0
Sales Taxes	3,480,000	3,624,287	3,624,287	0
Intergovernmental	845,246	1,073,740	1,073,740	0
Charges for Services	1,445,864	1,370,175	1,370,175	0
Fines, Licenses, and Permits	179,562	186,194	186,194	0
Interest	50,000	40,314	40,314	0
Rent	345,550	45,409	45,409	0
Donations	250	0	0	0
Other	208,561	556,730	556,730	0
<i>Total Revenues</i>	8,745,061	9,110,484	9,110,484	0
Expenditures				
Current:				
General Government:				
Legislative and Executive	4,549,143	4,532,509	4,529,071	3,438
Judicial	943,747	925,622	920,847	4,775
Public Safety	2,848,084	2,567,733	2,566,342	1,391
Public Works	77,861	64,252	64,252	0
Health	75,296	77,537	77,537	0
Human Services	452,157	342,206	342,206	0
<i>Total Expenditures</i>	8,946,288	8,509,859	8,500,255	9,604
<i>Excess of Revenues Over (Under) Expenditures</i>	(201,227)	600,625	610,229	9,604
Other Financing Sources (Uses)				
Insurance Recoveries	10,000	65,852	65,852	0
Proceeds from Sales of Capital Assets	0	17,623	17,623	0
Advances In	12,148	12,148	12,148	0
Advances Out	(24,400)	(30,895)	(30,895)	0
Transfers In	107,765	144,170	144,170	0
Transfers Out	0	(775,728)	(775,728)	0
<i>Total Other Financing Sources (Uses)</i>	105,513	(566,830)	(566,830)	0
<i>Net Change in Fund Balance</i>	(95,714)	33,795	43,399	9,604
<i>Fund Balance at Beginning of Year</i>	993,546	993,546	993,546	0
Prior Year Encumbrances Appropriated	241,445	241,445	241,445	0
<i>Fund Balance at End of Year</i>	\$1,139,277	\$1,268,786	\$1,278,390	\$9,604

See accompanying notes to the basic financial statements

Gallia County, Ohio
*Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Motor Vehicle Gas Tax Fund
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$3,600,000	\$8,796,965	\$9,249,246	\$452,281
Charges for Services	183,000	160,871	160,871	0
Fines, Licenses, and Permits	15,000	11,848	11,848	0
Interest	8,000	5,441	5,441	0
Other	100,000	132,076	132,076	0
<i>Total Revenues</i>	3,906,000	9,107,201	9,559,482	452,281
Expenditures				
Current:				
Public Works	4,221,911	9,637,896	9,637,575	321
<i>Excess of Revenues Under Expenditures</i>	(315,911)	(530,695)	(78,093)	452,602
Other Financing Sources (Uses)				
Proceeds of OPWC Loans	0	181,371	181,371	0
Transfers Out	0	(145,922)	(145,922)	0
<i>Total Other Financing Sources (Uses)</i>	0	35,449	35,449	0
<i>Net Change in Fund Balance</i>	(315,911)	(495,246)	(42,644)	452,602
<i>Fund Balance at Beginning of Year</i>	1,132,405	1,132,405	1,132,405	0
Prior Year Encumbrances Appropriated	21,797	21,797	21,797	0
<i>Fund Balance at End of Year</i>	<u>\$838,291</u>	<u>\$658,956</u>	<u>\$1,111,558</u>	<u>\$452,602</u>

See accompanying notes to the basic financial statements

Gallia County, Ohio
*Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Job and Family Services Fund
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$9,017,752	\$8,716,492	\$8,716,492	\$0
Charges for Services	503,631	619,444	619,444	0
Rent	25,000	5,754	5,754	0
Other	2,450	16,920	16,920	0
<i>Total Revenues</i>	9,548,833	9,358,610	9,358,610	0
Expenditures				
Current:				
Human Services	9,633,631	9,215,215	9,215,215	0
<i>Excess of Revenues Over (Under) Expenditures</i>	(84,798)	143,395	143,395	0
Other Financing Sources				
Transfers In	100,000	86,369	86,369	0
<i>Net Change in Fund Balance</i>	15,202	229,764	229,764	0
<i>Fund Balance at Beginning of Year</i>	262,276	262,276	262,276	0
<i>Fund Balance at End of Year</i>	<u>\$277,478</u>	<u>\$492,040</u>	<u>\$492,040</u>	<u>\$0</u>

See accompanying notes to the basic financial statements

Gallia County, Ohio
*Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Board of Developmental Disabilities Fund
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$989,629	\$1,003,941	\$1,003,941	\$0
Intergovernmental	1,300,156	1,316,699	1,316,699	0
Charges for Services	365,700	498,599	498,599	0
Rent	60,000	59,952	59,952	0
Donations	5,500	5,500	5,500	0
Other	3,850	112,276	112,276	0
<i>Total Revenues</i>	2,724,835	2,996,967	2,996,967	0
Expenditures				
Current:				
Health	2,721,408	2,882,403	2,864,674	17,729
<i>Excess of Revenues Over Expenditures</i>	3,427	114,564	132,293	17,729
Other Financing Uses				
Transfers Out	(91,213)	(91,213)	(91,213)	0
<i>Net Change in Fund Balance</i>	(87,786)	23,351	41,080	17,729
<i>Fund Balance at Beginning of Year</i>	441,476	441,476	441,476	0
Prior Year Encumbrances Appropriated	44,369	44,369	44,369	0
<i>Fund Balance at End of Year</i>	\$398,059	\$509,196	\$526,925	\$17,729

See accompanying notes to the basic financial statements

Gallia County, Ohio
Statement of Fund Net Position
Proprietary Funds
December 31, 2013

	Busness-Type Activities	Governmental Activities
	Sewer	Internal Service
Assets		
Current :		
Equity in Pooled Cash and Cash Equivalents	\$2,017,768	\$373,298
Accounts Receivable	118,594	0
Intergovernmental Receivable	62,287	0
<i>Total Current Assets</i>	<i>2,198,649</i>	<i>373,298</i>
Noncurrent:		
Nondepreciable Capital Assets	6,163,583	0
Depreciable Capital Assets, Net	4,617,632	0
<i>Total Noncurrent Assets</i>	<i>10,781,215</i>	<i>0</i>
<i>Total Assets</i>	<i>12,979,864</i>	<i>373,298</i>
Liabilities		
Current:		
Accounts Payable	5,197	0
Contracts Payable	45,529	0
Retainage Payable	86,184	0
Accrued Wages Payable	720	0
Intergovernmental Payable	7,108	0
Interfund Payable	115,102	0
Vacation Benefits Payable	689	0
Accrued Interest Payable	105,450	0
General Obligation Bonds Payable	32,200	0
OPWC Loans Payable	11,167	0
OWDA Loans Payable	444,533	0
<i>Total Current Liabilities</i>	<i>853,879</i>	<i>0</i>
Long-Term:		
General Obligation Bonds Payable	3,463,100	0
OPWC Loans Payable	411,583	0
OWDA Loans Payable	984,813	0
<i>Total Long-Term Liabilities</i>	<i>4,859,496</i>	<i>0</i>
<i>Total Liabilities</i>	<i>5,713,375</i>	<i>0</i>
Net Position		
Net Investment in Capital Assets	5,302,106	0
Unrestricted	1,964,383	373,298
<i>Total Net Position</i>	<i>\$7,266,489</i>	<i>\$373,298</i>

See accompanying notes to the basic financial statements

Gallia County, Ohio
*Statement of Revenues, Expenses
and Changes in Fund Net Position
Proprietary Funds
For the Year December 31, 2013*

	Business-Type Activities	Governmental Activities
	Sewer	Internal Service
Operating Revenues		
Charges for Services	\$425,877	\$0
Other Operating Revenues	30,233	373,440
<i>Total Operating Revenues</i>	<u>456,110</u>	<u>373,440</u>
Operating Expenses		
Salaries and Wages	77,996	247,874
Fringe Benefits	14,330	0
Contractual Services	2,172,630	0
Materials and Supplies	20,080	0
Depreciation	186,306	0
Other	19,105	0
<i>Total Operating Expenses</i>	<u>2,490,447</u>	<u>247,874</u>
<i>Operating Income (Loss)</i>	<u>(2,034,337)</u>	<u>125,566</u>
Non-Operating Revenues (Expenses)		
Interest Income	12,334	0
Capital Grants	86,363	0
Loss on Disposal of Capital Assets	(48,774)	0
Interest and Fiscal Charges	(125,197)	0
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(75,274)</u>	<u>0</u>
<i>Income (Loss) before Transfers</i>	(2,109,611)	125,566
Transfers	9,040	0
<i>Change in Net Position</i>	(2,100,571)	125,566
<i>Net Position at Beginning of Year</i>	<u>9,367,060</u>	<u>247,732</u>
<i>Net Position at End of Year</i>	<u><u>\$7,266,489</u></u>	<u><u>\$373,298</u></u>

See accompanying notes to the basic financial statements

Gallia County, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2013

	Business-Type Activities	Governmental Activities
	Sewer	Internal Service
<i>Increase (Decrease) in Cash and Cash Equivalents</i>		
Cash Flows from Operating Activities:		
Cash Received from Customers	\$413,920	\$0
Cash Received from Operating Receipts	0	373,440
Cash Payments for Employee Services and Benefits	(98,699)	(247,874)
Cash Payments to Suppliers for Goods and Services	(2,171,759)	0
Other Operating Revenues	31,053	0
Other Operating Expenses	(19,105)	0
	<u>(1,844,590)</u>	<u>125,566</u>
<i>Net Cash Provided by (Used for) Operating Activities</i>		
Cash Flows from Non-Capital Financing Activities:		
Transfer In	9,040	0
Advances In	24,400	0
Advances Out	(9,040)	0
	<u>24,400</u>	<u>0</u>
<i>Net Cash Provided by Non-Capital Financing Activities</i>		
Cash Flows from Investing Activities		
Investment Earnings	12,334	0
	<u>12,334</u>	<u>0</u>
Cash Flows from Capital and Related Financing Activities:		
Acquisition of Capital Assets	(60,145)	0
Proceeds from OPWC Loans	37,919	0
Proceeds from OWDA Loans	126,382	0
Proceeds of Bonds	1,862,000	0
Principal Paid on Debt	(2,044,321)	0
Interest Paid on Debt	(82,497)	0
Capital Contributions	124,076	0
	<u>(36,586)</u>	<u>0</u>
<i>Net Cash Used for Capital and Related Financing Activities</i>		
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(1,844,442)	125,566
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>3,862,210</u>	<u>247,732</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u>\$2,017,768</u>	<u>\$373,298</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:		
<i>Operating Loss</i>	(\$2,034,337)	\$125,566
<i>Adjustments:</i>		
Depreciation	186,306	0
<i>(Increase) Decrease in Assets:</i>		
Accounts Receivable	(11,957)	0
Interfund Receivable	820	0
<i>Increase (Decrease) in Liabilities:</i>		
Accounts Payable	(10,827)	0
Contracts Payable	24,865	0
Accrued Wages Payable	(3,537)	0
Intergovernmental Payable	4,502	0
Interfund Payable	1,415	0
Vacation Benefits Payable	689	0
Compensated Absences Payable	(2,529)	0
	<u>(\$1,844,590)</u>	<u>\$125,566</u>
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>(\$1,844,590)</u>	<u>\$125,566</u>

See accompanying notes to the basic financial statements

Gallia County, Ohio
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
December 31, 2013

Assets

Equity in Pooled Cash and Cash Equivalents	\$2,527,619
Cash and Cash Equivalents in Segregated Accounts	488,775
Receivables:	
Intergovernmental	1,451,989
Accounts	116,357
Property Taxes	<u>26,126,731</u>
 <i>Total Assets</i>	 <u><u>\$30,711,471</u></u>

Liabilities

Intergovernmental Payable	\$27,630,903
Deposits Held and Due to Others	<u>3,080,568</u>
 <i>Total Liabilities</i>	 <u><u>\$30,711,471</u></u>

See accompanying notes to the basic financial statements

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Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

NOTE 1 - REPORTING ENTITY

Gallia County, Ohio (the County), was created in 1803. The County is governed by a board of three Commissioners elected by the voters of the County. Other officials elected by the voters of the County that manage various segments of the County's operations are the County Auditor, County Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, a Common Pleas Court Judge, and a Probate/Juvenile Court Judge. Although the elected officials manage the internal operations of their respective departments, the County Commissioners authorize expenditures as well as serve as the budget and taxing authority, contracting body, and the chief administrators of public services for the entire County.

A reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the County consists of all funds, departments, boards, and agencies that are not legally separate from the County. For the County, this includes the Gallia County Board of Developmental Disabilities, Gallia County Children Services Board, and all departments and activities that are directly operated by the elected County officials.

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the program's governing board and (1) the County is able to significantly influence the programs of services performed or provided by the organization; or (2) the County is legally entitled to or can access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent upon the County in that the County approves the budget, the issuance of debt, or the levying of taxes, and there is a potential for the organization to provide specific financial benefit to, or impose specific financial burdens on, the primary government. The County has no material component units.

The Gallia-Jackson-Meigs Board of Alcohol, Drug Addiction, and Mental Health Services (ADAMH) and the O.O. McIntyre Park District are presented as agency funds of the County because the County Auditor serves as the fiscal agent for these organizations.

As the custodian of public funds, the County Treasurer invests all public monies held on deposit in the County treasury. In the case of the legally separate agencies, boards and commissions listed below, the County serves as fiscal agent, but is not financially accountable for their operations nor are they fiscally dependent on the County. Accordingly, the activity of the following districts and agencies are presented as agency funds within the County's financial statements.

Gallia County Health Department is governed by a five member Board of Health which oversees the operation of the Health District. The Board is elected by a District Advisory Council composed of township trustees, county commissioners, and mayors of participating municipalities. The Board adopts its own budget and hires and fires its own staff. The Board has sole budgetary authority, and controls surpluses and deficits. The County is not legally obligated for the Health District's debt.

Gallia County Soil and Water Conservation District is statutorily created as a separate and distinct political subdivision of the State. The five Supervisors of the Soil and Water Conservation District are elected officials authorized to contract and sue on behalf of the District. The Supervisors adopt their own budget, authorize District expenditures, hire and fire staff, and do not rely on the County to finance deficits. The District submits a budget to the Board of County Commissioners for inclusion on the County's annual appropriation resolution. The Ohio Department of Natural Resources provides funding to match what is provided by the County out of the General Fund.

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

Local Emergency Planning Committee (LEPC) of Gallia County is a single county district. The State Emergency Response Commission designates Emergency Planning Districts within the state. The committee members are recommended by the County Commissioners for approval by the State Emergency Response Commission. The LEPC receives operating resources in the form of grants from the State. The activities of the LEPC are accounted for as an agency fund of the County. The County has no ability to impose its will on the organization. No benefit/burden relationship exists. The County's accountability ceases with the recommendation of appointments of committee members.

Gallia County Council on Aging is operated under a separate board of directors, which currently consists of 18 members from various clubs, companies, and the Gallia County community. Although the County collects tax monies for the Council, the County is not involved in the selection of directors or management of the Council on Aging or in the authorization of expenditures.

Gallia County Family and Children First Council is controlled by an oversight committee. The chair of the County Commissioners serves on the committee. The County is the fiscal agent for the Council's monies.

The County is associated with the following organizations that are defined as jointly governed organizations, related organizations, or shared risk pools. These organizations are presented in Notes 20, 21, and 22 to the basic financial statements.

- Joint Solid Waste Management District
- Gallia-Jackson-Meigs Board of Alcohol, Drug Addiction, and Mental Health Services (ADAMH)
- Gallia-Jackson-Meigs Counties Cluster
- Area Agency on Aging, District 7, Inc.
- Ohio Valley Resource Conservation and Development Area, Inc.
- Southeastern Ohio Corrections Commission
- Gallia-Meigs Community Action Agency
- Gallia-Jackson Child Abuse and Neglect Advisory Board
- Ohio Valley Regional Development Commission
- Southern Ohio Council of Governments
- O.O. McIntyre Park District
- Bossard Memorial Library
- Gallia Metropolitan Housing Authority
- County Risk Sharing Authority, Inc. (CORSA)
- County Commissioners Association of Ohio Workers' Compensation Group Rating Plan

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the County's accounting policies are described below.

A. Basis of Presentation

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

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

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 activities and for the business-type activities of the County. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. 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 and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the County.

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

B. Fund Accounting

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

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

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

Motor Vehicle Gasoline Tax Fund - This fund accounts for the County road and bridge maintenance, repair and improvement programs. Revenue sources include Federal and State grants and distributions.

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

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

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

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

Proprietary Funds Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds are classified as either enterprise or internal service.

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 following is a description of the County's Enterprise Fund:

Sewer Fund This fund accounts for sanitary sewer services provided to County individual and commercial users. The costs of providing these services are financed primarily through user charges.

Internal Service Funds Internal service funds account 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 internal service fund accounts for funds held in reserve to cover excess deductible costs in providing health insurance for the County's employees.

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 all classified as agency funds. The agency funds account for assets held by the County as agent for the Board of Health and other districts and entities and for various taxes, assessments, and state shared resources collected on behalf of and distributed to other local governments.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the County are included on the statement of net position. The statement of activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

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

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

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

D. Basis of Accounting

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

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

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 an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the year for which the taxes are levied (see Note 8). 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 nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: sales tax (see Note 9), interest, federal and state grants and subsidies, state-levied locally shared taxes (including motor vehicle license fees and gasoline taxes), fees, and rentals.

Unearned revenue represents amounts under the accrual and modified accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not yet been met because such amounts have not yet been earned.

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the County, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2013, but which were levied to finance fiscal year 2014 operations.

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the County, unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

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

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

E. Budgetary Process

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the County Auditor. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during 2013 upon which the final appropriations were based.

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

F. Cash and Cash Equivalents

To improve cash management, cash received by the County Treasurer is pooled. Cash balances, except cash held by a fiscal agent or held in segregated accounts, are pooled and invested in short-term investments in order to provide improved cash management. Individual fund integrity is maintained through the County's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

The Gallia County Board of Developmental Disabilities has an account held separate from the County's pooled accounts. This depository account is presented as "Cash and Cash Equivalents with Fiscal Agents" since it is not deposited into the County's treasury.

Various departments within the County have segregated bank accounts for monies held separate from the County's central bank account. These accounts are presented as "Cash and Cash Equivalents in Segregated Accounts" since they are not required to be deposited with the County Treasurer.

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

During 2013, investments were limited to the Soil and Water Conservation District's STAR Ohio segregated account. Investments are reported at fair value which is based on quoted market prices.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's net asset value per share which is the price the investment could be sold at December 31, 2013.

Investment procedures are restricted by the provisions of the Ohio Revised Code. County policy requires interest earned on investments to be credited to the General Fund except where there is a legal requirement or there are bond proceeds for capital improvements. Interest revenue credited to the General Fund during 2013 amounted to \$40,314, which includes \$35,724 assigned from other County funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the County are considered to be cash equivalents.

G. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventory consists of expendable supplies held for consumption.

H. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by the creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Unclaimed monies that are required to be held for five years before they may be utilized by the County are reported as restricted.

I. Receivables and Payables

Receivables and payables are recorded on the County's financial statements to the extent that the amounts are determined material and substantiated not only by supporting documentation, but also, by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectability.

Using these criteria, the County has elected to not record child support arrearages. These amounts, while potentially significant, are not considered measurable, and because collections are often significantly in arrears, the County is unable to determine a reasonable value.

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2013, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

K. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

L. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The County maintains a capitalization threshold of five thousand dollars, with the exception of infrastructure. The County maintains their capitalization threshold for additions to infrastructure as follows: \$50,000 for roads, bridges, and culverts. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of enterprise fund capital assets is also capitalized.

All capital assets are depreciated except for land, infrastructure, and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Land Improvements	20-40 Years
Buildings and Improvements	10 - 40 Years
Furniture, Fixtures, and Equipment	5 - 30 Years
Vehicles	5 - 20 Years

The County's infrastructure consists of County roads and bridges, certain culverts, and sewer systems. The County reports infrastructure acquired prior to December 31, 1980.

County road and bridges (infrastructure reported in the Governmental activities column of the statement of net position) are presented using the modified approach and therefore these assets are not depreciated. In addition, expenditures made by the County to preserve existing roads or bridges are expensed rather than capitalized. Only expenditures for additions or improvements are capitalized. Additional disclosures about the condition assessments and maintenance cost regarding the County's roads and bridges appear in the Required Supplementary Information.

M. Capitalization of Interest

It is the County's policy to not capitalize net interest on proprietary fund 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 and the interest earned from temporary investment of the debt proceeds. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset.

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

N. Compensated Absences

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

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

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

O. 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.

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, judgments, and compensated absences 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 governmental fund financial statements when due.

P. 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 category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale, unless the use of proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

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

Enabling legislation authorizes the County to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the County can be compelled by an external party, such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specific by the legislation.

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the County Commissioners. Those committed amounts cannot be used for any other purpose unless the Commission removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by County Commissioners, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

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

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

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

Q. Net Position

Net Position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for children services, child support, marriage license, and miscellaneous other activities.

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

R. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the County, these revenues are charges for services for wastewater treatment and self-insurance programs. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. Revenues and expenses not meeting these definitions are reported as non-operating.

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

S. Internal Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Transfers between governmental activities are eliminated. Internal allocations of overhead expenses from one program to another or within the same program are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

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

T. 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. The County did not have any extraordinary or special items in 2013.

U. Estimates

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

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES

For 2013, the County implemented Governmental Accounting Standard Board (GASB) *Statement No. 61, "The Financial Reporting Entity: Omnibus; an amendment of GASB Statements No. 14 and No. 34."* This Statement modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity, and financial reporting entity display and disclosure requirements. The implementation of this statement did not result in any change in the County's financial statements.

NOTE 4 - FUND DEFICITS

The following funds had deficit fund balances as of December 31, 2013.

	Deficit Fund Balances
Special Revenue Fund:	
Dog and Kennel	\$1,885
Capital Projects Fund:	
Airport	8,024
	\$9,909

These deficits resulted from payables recorded in accordance with Generally Accepted Accounting Principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statements of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis) for the General and major special revenue funds 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 as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year end encumbrances are treated as expenditures (budget basis) rather than restricted, committed, or assigned fund balance (GAAP basis).
4. Principal payments on capital lease obligations are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. Unrecorded cash and interest, segregated accounts, and prepaid items are reported on the balance sheet (GAAP) but not on the budgetary basis.
6. Cash that is held by the agency funds on behalf of County funds on a budget basis are allocated and reported on the balance sheet (GAAP basis) in the appropriate County fund.
7. Advances in and advances out are operating transactions (budget) as opposed to balance sheet transactions (cash).

Adjustments necessary to convert the results of operations at the end of the year on the Budget basis to the GAAP basis are as follows:

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

Net Change in Fund Balance
 General and Major Special Revenue Funds

	General	Motor Vehicle Gasoline Tax	Job and Family Services	Board of Developmental Disabilities
GAAP Basis	\$284,970	(\$460,508)	\$258,852	(\$38,340)
Revenue Accruals	(221)	334,885	150,375	84,265
Beginning of the Year:				
Fiscal Agent	0	0	0	350,954
Unrecorded Cash	50,538	38	0	3,746
Segregated Accounts	15,135	0	0	5,888
Prepaid Items	59,683	0	0	0
Agency Fund Cash Allocation	137,720	0	0	62,108
End of the Year:				
Fiscal Agent	0	0	0	(344,078)
Unrecorded Cash	(36,825)	(3)	0	0
Segregated Accounts	(8,755)	0	0	(3,544)
Prepaid Items	(64,404)	0	0	0
Agency Fund Cash Allocation	(66,832)	0	0	(30,062)
Expenditure Accruals	(197,020)	82,944	(179,463)	(10,219)
Proceeds from Sale of				
Capital Assets	(19,720)	0	0	0
Principal Retirement	14,911	0	0	0
Interest and Fiscal Charges	1,782	0	0	0
Advances In	12,148	0	0	0
Advances Out	(30,895)	0	0	0
Encumbrances	(108,816)	0	0	(39,638)
Budget Basis	<u>\$43,399</u>	<u>(\$42,644)</u>	<u>\$229,764</u>	<u>\$41,080</u>

NOTE 6 - FUND BALANCES

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

Gallia County, Ohio
Notes to the Basic Financial Statements
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Fund Balances	General Fund	Motor Vehicle Gas Tax	Job and Family Services	Board of Development Disabilities	Other Governmental Funds	Totals
Nonspendable:						
Inventory	\$0	\$142,130	\$0	\$0	\$0	\$142,130
Prepays	64,404	0	0	0	0	64,404
Unclaimed Monies	12,965	0	0	0	0	12,965
Loans	0	0	0	0	791,237	791,237
<i>Total Nonspendable</i>	<u>77,369</u>	<u>142,130</u>	<u>0</u>	<u>0</u>	<u>791,237</u>	<u>1,010,736</u>
Restricted for:						
Public Works	0	1,273,141	0	0	0	1,273,141
Public Safety	0	0	0	0	624,097	624,097
Courts	0	0	0	0	841,956	841,956
Real Estate Assessment	0	0	0	0	311,215	311,215
Board of Developmental Disabilities	0	0	0	1,012,234	0	1,012,234
Job and Family Services	0	0	113,688	0	0	113,688
Community Development	0	0	0	0	239,253	239,253
Other Purposes	0	0	0	0	2,119	2,119
Childrens Services	0	0	0	0	118,241	118,241
Child Support	0	0	0	0	373,778	373,778
Debt Service	0	0	0	0	72,092	72,092
<i>Total Restricted</i>	<u>0</u>	<u>1,273,141</u>	<u>113,688</u>	<u>1,012,234</u>	<u>2,582,751</u>	<u>4,981,814</u>
Committed to:						
Public Safety	878	0	0	0	143,748	144,626
Public Works	0	0	0	0	124,672	124,672
<i>Total Committed</i>	<u>878</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>268,420</u>	<u>269,298</u>
Assigned to:						
Purchases on Order	34,891	0	0	0	0	34,891
Unassigned:	2,096,529	0	0	0	(9,909)	2,086,620
<i>Total Fund Balances</i>	<u>\$2,209,667</u>	<u>\$1,415,271</u>	<u>\$113,688</u>	<u>\$1,012,234</u>	<u>\$3,632,499</u>	<u>\$8,383,359</u>

NOTE 7 - DEPOSITS AND INVESTMENTS

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

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

Gallia County, Ohio
Notes to the Basic Financial Statements
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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 provided a written investment policy has been filed with the Ohio Auditor of State:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States; or any book entry, zero-coupon United States treasury security that is a direct obligation of the United States;
2. Bonds, notes, debentures, or any other obligation or security 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, and 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 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 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 describe in division (1) or (2) above and repurchase agreements secured by such obligations, provided that these investments are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to simultaneously exchange similar securities or cash, equal value for equal value;
9. Up to twenty-five percent of the County's average portfolio in either of the following:
 - a. Commercial paper notes in entities incorporated under the laws of Ohio or any other State that have assets exceeding five hundred million dollars, which are rated in the highest qualification established by two nationally recognized standard rating services, which do not exceed ten percent of the value of the outstanding commercial paper of the issuing corporation and which mature within 270 days after purchase.
 - b. Bankers acceptances eligible for purchase by the federal reserve system and which mature within 180 days after purchase;
10. Fifteen percent of the County's average portfolio in notes issued by U.S. corporations or by depository institutions that are doing business under authority granted by the U.S. provided that the notes are rated in the second highest or higher category by at least two nationally recognized standard rating services at the time of purchase and the notes mature within two years from the date of purchase;

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11. No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service consisting exclusively of obligations guaranteed by the United States, securities issued by a federal government agency or instrumentality, and/or highly rated commercial paper; and,
12. One percent of the County's average portfolio in debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government.

Reverse repurchase agreements, investments in derivatives, and investments in stripped principal or interest obligations that are not issued or guaranteed by the United States, are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Other than corporate notes, commercial paper, and bankers' acceptances, an investment must mature within five years from the date of settlement unless matched to a specific obligation or debt of the County. Investments must be purchased with the expectation that they will be held to maturity.

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

Cash on Hand At year end, the County had \$36,692 in undeposited cash on hand which is included as a part of "Equity in Pooled Cash and Cash Equivalents".

Deposits Custodial credit risk for deposits is the risk that in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$11,501,909 of the County's bank balance of \$12,374,902 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the County to a successful claim by the FDIC. This does not include \$344,078 in Cash and Cash Equivalents with fiscal agents, which is held by SOCOG which cannot be disclosed by risk because it is co-mingled with other Counties' monies.

The County has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the County or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

NOTE 8 - RECEIVABLES

Receivables at December 31, 2013, consisted of property taxes, sales taxes, accounts (billings for user fees including unbilled utility services), loans, intergovernmental receivables arising from entitlements and shared revenues, and interfund. Loans receivable of \$791,237 are reported in the Community Development Block Grant Special Revenue Fund and represent principal owed to the County relating to the sale of a speculative building that was sold to a local manufacturing company in 2011 and financed by the County. The amount not scheduled for collection during the subsequent year is \$746,238. All receivables except property taxes and portion of the aforementioned loan are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

A. Property Taxes

Property taxes include amounts levied against all real and public utility property located in the County. Property tax revenue received during 2013 for real and public utility property taxes represents collections of 2012 taxes.

2013 real property taxes were levied after October 1, 2013, on the assessed value as of January 1, 2013, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2013 real property taxes are collected in and intended to finance 2014.

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 tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2013 public utility property taxes which became a lien December 31, 2012, are levied after October 1, 2013, and are collected in 2014 with real property taxes.

The full tax rate for all County operations for the year ended December 31, 2013, was \$8.00 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2013 property tax receipts were based are as follows:

Real Property	\$491,258,380
Public Utility Tangible Personal Property	<u>218,912,010</u>
Total Assessed Value	<u><u>\$710,170,390</u></u>

The County Treasurer collects property taxes on behalf of all taxing districts in the County. The County Auditor periodically remits to the taxing districts their portion of the taxes collected. The collection and distribution of taxes for all subdivisions within the County, excluding the County itself, is accounted for through agency funds. The amount of the County's tax collections is accounted for within the applicable funds. Property taxes receivable represents real and public utility taxes and outstanding delinquencies which were measurable as of December 31, 2013, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2013 operations is offset to deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

B. Loans Receivable

The Community Development Block Grant Special Revenue Fund reflects a loan receivable of \$791,237. This amount is for the principal owed to the County for State Industrial Site Improvement Fund Grant monies and local monies used to construct a speculative building that was sold to a local manufacturing company and financed by the County. The loan bears no interest. This loan is to be repaid over a 20 year period. The amount scheduled for collection during the subsequent year is \$44,999.

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

C. Intergovernmental Receivables

A summary of intergovernmental receivables follows:

Governmental Activities	<u>Amounts</u>
Gas Excise Tax	\$1,134,524
Motor Vehicle License Tax	745,072
Job & Family Services Reimbursements	274,662
S18 Special Education Grant	199,074
Casino Tax	182,628
Local Government	164,541
Homestead and Rollback	150,545
Youth Services Grant	104,218
Child Support Enforcement Agency Reimbursements	89,978
Board of Developmental Disabilities Annual Subsidies	78,552
Medicaid Reimbursements	43,990
Victims of Crime Act - Victim Assistance	42,867
Community Based Corrections Program Grant	35,050
Board of Developmental Disabilities Reimbursements	32,581
Defense of Indigents	31,799
Title IV-D	24,023
Therapy Services Reimbursements	23,052
Special Education Part B- IDEA	18,512
Emergency Management Performance Grant	18,458
Title XX	17,252
Drug Use Prevention Program Grant	16,654
Miscellaneous	15,780
Children Services Reimbursements	11,014
Early Childhood Special Education	7,839
Local Emergency Planning Committee Contract	7,500
Work Release Center Reimbursements	7,035
Other Government Court Fines	6,810
Jail Bills	4,718
Hazarad Mitigation Grant	4,350
School Lunch Reimbursement	4,056
High Visibility Enforcement Grant	1,598
Citizen Corps Program Grant	776
Estate Tax	195
	<u>3,794,614</u>
Business-Type Activities:	
Community Development Block Grant	<u>62,287</u>
Total	<u><u>\$3,856,901</u></u>

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

NOTE 9 - PERMISSIVE SALES AND USE TAX

On November 17, 1981, the County Commissioners adopted by resolution a one-half percent tax on all retail sales 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. On March 5, 1987, the County Commissioners adopted by resolution a proposal for an additional one-half percent tax as allowed by Sections 5705.026 and 5705.023, Revised Code, which was approved by the voters at a special election held on May 5, 1987. On August 18, 1994, the County Commissioners adopted by resolution a proposal for an additional one-quarter of one percent tax for the implementation of a county-wide 9-1-1 system, as allowed by Sections 5739.026 and 5741.023 of the Revised Code, which was voted on and passed by the voters on November 8, 1994. The tax for the 9-1-1 system is approved for a period of five years. The most recent renewal was approved on November 16, 2009.

Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies to the Office of Budget and Management (OBM) the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month. OBM then has five days in which to draw the warrant payable to the County.

In 2013, the General Fund received \$3,601,233 and the 9-1-1 Special Revenue Fund received \$898,309 in sales and use tax revenue. A receivable is recognized at year end for amounts that will be received from sales which occurred during 2013.

NOTE 10 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2013, was as follows:

	Balance at 12/31/12	Additions	Deductions	Balance at 12/31/13
Governmental Activities:				
Capital Assets not being Depreciated:				
Land	\$648,565	\$0	\$0	\$648,565
Infrastructure	93,216,132	1,613,799	(633,574)	94,196,357
Construction in Progress	533,607	96,922	(630,529)	0
Total Capital Assets not being Depreciated	94,398,304	1,710,721	(1,264,103)	94,844,922
Depreciable Capital Assets:				
Land Improvements	130,657	0	0	130,657
Buildings and Improvements	12,864,979	755,687	0	13,620,666
Furniture, Fixtures, and Equipment	5,792,707	34,499	(139,807)	5,687,399
Vehicles	3,172,338	53,170	(78,852)	3,146,656
Total Depreciable Capital Assets	21,960,681	843,356	(218,659)	22,585,378
Less Accumulated Depreciation:				
Land Improvements	(89,876)	(4,138)	0	(94,014)
Buildings and Improvements	(4,925,306)	(320,488)	0	(5,245,794)
Furniture, Fixtures, and Equipment	(4,083,019)	(240,979)	139,807	(4,184,191)
Vehicles	(2,230,613)	(228,059)	48,647	(2,410,025)
Total Accumulated Depreciation	(11,328,814)	(793,664) *	188,454	(11,934,024)
Total Capital Assets being Depreciated, Net	10,631,867	49,692	(30,205)	10,651,354
Governmental Activities Capital Assets, Net	\$105,030,171	\$1,760,413	(\$1,294,308)	\$105,496,276

* Depreciation expense was charged to governmental activities as follows:

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

General Government:	
Legislative and Executive	\$141,780
Judicial	9,243
Public Safety	159,855
Public Works	181,793
Economic Development and Assistance	61,151
Health:	
Board of Develomental Disabilities	108,081
Other Health	55,377
Human Services:	
Job and Family Services	63,134
Other Human Services	13,250
Total Depreciation Expense	<u><u>\$793,664</u></u>

	Balance at 12/31/12	Additions	Deductions	Balance at 12/31/13
Business-Type Activities:				
Capital Assets not being Depreciated:				
Construction in Progress	\$6,051,898	\$111,685	\$0	\$6,163,583
Depreciable Capital Assets:				
Buildings and Improvements	7,384,848	0	(225,161)	7,159,687
Furniture, Fixtures, and Equipment	31,369	28,499	0	59,868
Vehicles	24,438	0	0	24,438
Total Capital Assets being Depreciated	7,440,655	28,499	(225,161)	7,243,993
Less Accumulated Depreciation:				
Buildings and Improvements	(2,585,702)	(180,427)	176,387	(2,589,742)
Furniture, Fixtures, and Equipment	(21,576)	(2,824)	0	(24,400)
Vehicles	(9,164)	(3,055)	0	(12,219)
Total Accumulated Depreciation	(2,616,442)	(186,306)	176,387	(2,626,361)
Total Capital Assets being Depreciated, Net	4,824,213	(157,807)	(48,774)	4,617,632
Business-Type Activities Capital Assets, Net	<u>\$10,876,111</u>	<u>(\$46,122)</u>	<u>(\$48,774)</u>	<u>\$10,781,215</u>

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

NOTE 11 - RISK MANAGEMENT

A. Property and Liability

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2013, the County contracted with the County Risk Sharing Authority, Inc. (CORSA), an insurance purchasing pool (see Note 22A), for liability, auto, and crime insurance. CORSA, a non-profit corporation sponsored by the County Commissioners of Ohio, was created to provide affordable liability, property, casualty, and crime insurance coverage for its members and was established May 12, 1987. Coverage provided by the program and applicable deductibles are as follows:

Gallia County, Ohio
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Property	Deductible	Limits of Coverage
Real Property	\$2,500	\$62,766,840
General Liability	2,500	1,000,000 Per Occurrence
Law Enforcement	2,500	1,000,000 Per Occurrence
Equipment Breakdown	2,500	100,000,000
Medical Expense:	2,500	5,000/50,000
Employer's Liability (Stop Gap)	2,500	No Annual Aggregate
Electronic Equipment/Media Coverage:		
Electronic Media	2,500	100,000 Per Occurrence
Extra Expense	2,500	25,000 Per Occurrence
Crime Coverage:		
Theft, Disappearance, Destruction	2,500	1,000,000 Per Occurrence
Employee Dishonesty	0	1,000,000 Per Occurrence
Forgery and Alteration	2,500	1,000,000 Per Occurrence
Computer Fraud	2,500	500,000 Per Occurrence
Automobile	2,500	1,000,000 Per Occurrence

Settled claims have not exceeded coverage in any of the past three years. There has been no significant reduction in insurance coverage from the prior year.

B. Workers' Compensation

For 2013, the County participated in the County Commissioners Association of Ohio Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool (see Note 22B). The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating Counties is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. In order to allocate the savings derived by formation of the Plan, and to maximize the number of participants in the Plan, the Plan's executive committee annually calculates the total savings which accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the Plan is limited to Counties that can meet the Plan's selection criteria. The firm of Gates McDonald, Inc. provides administrative, cost control and actuarial services to the Plan. Each year, the County pays an enrollment fee to the Plan to cover the costs of administering the program.

The County may withdraw from the Plan if written notice is provided sixty days prior to the prescribed application deadline of the Ohio Bureau of Workers' Compensation. However, the participant is not relieved of the obligation to pay any amounts owed to the Plan prior to withdrawal, and any participant leaving the Plan allows the representative of the Plan to access loss experience for three years following the last year of participation.

The County pays all elected officials bonds by State statute.

C. Medical Expense Reimbursement Plan

The County has a Medical Expense Reimbursement Plan, Max 105, to reimburse eligible employees (those that are participating in the County's health plan) for the portion of their and their dependent's health claims. The Max 105 program is a combination of benefits that are provided by the County and Medical Mutual.

Gallia County, Ohio
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The County's health plan with Medical Mutual covers the employees' major medical costs. The policy is a high deductible plan. The Max 105 program covers the difference between the high deductible plan with Medical Mutual and the employees' personal deductible.

The purpose of the Max 105 program is to reimburse providers for employees covered under the Max 105 program for a portion of the uninsured medical expenses they incur each year while they are employed with the County and the Max 105 remains in effect. It is to help the employee and their dependents receive the medical care needed in the most cost-effective manner possible.

The claims paid are those submitted after the employee's deductible amount has been reached, but before the employer's health plan deductible with Medical Mutual has been reached. Claims covered are for amounts applied to the medical deductible and co-insurance expenses incurred during the plan year, up to the employer's health plan annual deductible amount with Medical Mutual.

NOTE 12 - DEFINED BENEFIT 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 percent 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. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

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

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law enforcement and public safety employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in State and local divisions and 12 percent for law enforcement and public safety members. For the year ended December 31, 2013, members in state and local divisions contributed 10 percent of covered payroll while public safety and law enforcement members contributed 12.0 percent and 12.6 percent, respectively. Effective January 1, 2014, the member contribution rates law enforcement increased to 13 percent. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. For 2013, member and employer contribution rates were consistent across all three plans.

The County's 2013 contribution rate was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the County's contribution was 18.10 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. For 2013, the portion of employer contribution allocated to health care was 1.00 percent for members in the Traditional Plan and the Combined Plan.

Gallia County, Ohio
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Effective January 1, 2014, the portion of employer contributions allocated to health care increased to 2 percent. Employer contribution rates are actuarially determined.

The County's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2013, 2012, and 2011 were \$1,384,206, \$1,063,432, and \$1,216,290, respectively. For 2013, 98.32 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2012 and 2011. Contributions to the Member-Directed Plan for 2013 were \$41,361 made by the County and \$29,544 made by plan members.

B. State Teachers Retirement System

Plan Description – Certified teachers, employed by the school for developmental disabilities, participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple-employer public employee retirement system. 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 can 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 Web site at www.strsoh.org.

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 multiplied by 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 DB Plan and the DC 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 payment or converted to a lifetime monthly annuity at age 50. Benefits are established by Ohio Revised Code Chapter 3307.

A DB or Combined Plan member with five or more years of 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 - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. For the fiscal year ended June 30, 2013, plan members were required to contribute 10 percent of their annual covered salary. The County was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The County's required contributions for pension obligations to STRS Ohio for the years ended December 31, 2013, 2012, and 2011, were \$68,889, \$74,562, and \$71,705, respectively. For 2013, 96.75 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2012 and 2011. Contributions to the DC and Combined plans for fiscal year 2013 were \$8,460 made by the County and \$6,043 made by the plan members.

Gallia County, Ohio
Notes to the Basic Financial Statements
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NOTE 13 - POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

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

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for 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. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care 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 health care plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 18.10 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. For 2013, the portion of employer contributions allocated to health care for members in the Traditional Plan and the Combined Plan was 1.0 percent. Effective January 1, 2014, the portion of employer contributions allocated to healthcare was raised to 2 percent for both plans, as recommended by the OPERS Actuary.

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 health care plan.

The County's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2013, 2012, and 2011, were \$104,539, \$433,639, and \$507,714, respectively. For 2013, 98.32 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2012 and 2011.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

B. State Teachers Retirement System

Plan Description – Ohio law authorizes State Teachers Retirement System of Ohio (STRS Ohio) to offer a cost-sharing, multiple-employer defined benefit Health Care Plan administered by STRS Ohio to eligible retirees who participated in the defined benefit or the 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 can be obtained by visiting www.strs.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 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 Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14 percent employer contribution rate, 1 percent of covered payroll was allocated postemployment health care. The County's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2013, 2012, and 2011, were \$5,299, \$5,736, and \$5,516, respectively. For 2013, 96.75 percent has been contributed. The full amount has been contributed for 2012 and 2011.

NOTE 14 - OTHER EMPLOYER BENEFITS

A. Deferred Compensation Plan

Gallia County employees and elected officials may participate in a state-wide deferred compensation plan created in accordance with Internal Revenue Code Section 457 offered by the State of Ohio. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

B. Compensated Absences

County employees follow various personnel policies as established by the County Commissioners, union agreements, or departmental mandates. Some employees of the Board of Developmental Disabilities, Engineer, Sheriff, Emergency Management Services, and Job and Family Services are represented by union agreements. All other County employees follow the Commissioners policy.

Each employee accrues 4.6 hours of sick time for each two week pay period worked. Accrual continues during periods of approved paid leave. Unused sick leave is cumulative without limit. Upon retirement, with 10 or more years service with the County, the State, or any of its political subdivisions, all employees except those of the Board of Developmental Disabilities, Engineer, Sheriff, and the Emergency Management Services, are paid 25% of their sick leave up to a maximum of 360 hours. The Board of Developmental Disabilities employees are paid at varying rates of 30% to 50% of all accumulated sick leave depending upon length of service with the Gallia County Board of Developmental Disabilities. The Engineer department employees are paid for accumulated sick leave at a rate of 100% up to 240 hours, 50% for 241 hours to 600 hours, and 25% for all remaining unused sick leave above 600 hours. Sheriff department employees are paid 100% for all accumulated sick leave to a maximum of 240 hours. Emergency Management Services employees are paid 25% of their sick leave up to a maximum of 600 hours if hired before 2011. Emergency Management Services employees hired after 2011 are paid 25% of their sick leave up to a maximum of 360 hours. 911 employees are paid 25% of their sick leave or 30 days, whichever is less.

Unused vacation time and compensatory time are paid to a terminated employee at varying rates depending on length of service and department policy.

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

C. Insurance Benefits

In 2013, the County contracted with Medical Mutual to provide all employees with \$15,000 each in life and accidental death and dismemberment insurance.

The County provides comprehensive major medical and dental insurance through Medical Mutual and vision insurance through VSP for all employees except those of the Engineer's office. Monthly premiums are \$623.1 for single coverage and \$1,639.82 for family coverage. The County pays \$545.22 of the premiums for single plans and the County's employees pay the remaining balances. The County pays \$1,393.84 of the premiums for employees participating in the family plan with the remainder being paid by the employee. For the Engineer's office, the County pays \$535.87 for single coverage and the employee pays the remaining balance. For family coverage the County pays \$1,361.69 and the Engineer employees pay the remaining balance.

NOTE 15 - SIGNIFICANT COMMITMENTS

A. Contractual Commitments

As of December 31, 2013, the County had a contractual purchase commitment as follows:

Project	Fund	Contract Amount	Amount Expended	Balance at 12/31/2013
Governmental Activities:				
Landisc Support Services	Real Estate Assessment	\$89,405	\$2,125	\$87,280
Imagery Project	Real Estate Assessment	169,980	92,379	77,601
Total Governmental Activities		<u>259,385</u>	<u>94,504</u>	<u>164,881</u>
Business-Type Activities:				
Green Sewer Improvements	Sewer	1,364,704	479,535	885,169
Kanauga/Addison Sewer Improvements	Sewer	7,414,832	7,365,906	48,926
Total Business-Type Activities		<u>8,779,536</u>	<u>7,845,441</u>	<u>934,095</u>
Total Contractual Commitments		<u><u>\$9,038,921</u></u>	<u><u>\$7,939,945</u></u>	<u><u>\$1,098,976</u></u>

B. Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

Governmental Funds:	
General Fund	\$108,816
Motor Vehicle Gasoline Tax	0
Board of Developmental Disabilities	39,638
Nonmajor Governmental Funds	<u>59,664</u>
Total Governmental Funds	<u>208,118</u>
Enterprise Fund:	
Sewer Fund	<u>32,699</u>
Total	<u><u>\$240,817</u></u>

Gallia County, Ohio
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NOTE 16 - FOOD STAMPS

The County's Department of Job and Family Services distributes, through contracting issuance centers, federal food stamps to entitled recipients within Gallia County. The receipt and issuance of the stamps have the characteristics of a federal grant. However, the Department of Job and Family Services merely acts in an intermediary capacity. Therefore, the inventory value of these stamps is not reflected in the accompanying financial statements, as the only economic interest related to these stamps rests with the ultimate recipient.

NOTE 17 - CONTINGENT LIABILITIES

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

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

NOTE 18 - INTERFUND TRANSFERS AND BALANCES

Interfund balances, as of December 31, 2013, consist of the following individual interfund receivables and payables:

Interfund Payable	Interfund Receivable					Total
	Major Funds					
	General	Motor Vehicle and Gasoline Tax	Job and Family Services	Board of Developmental Disabilities	Other Governmental Funds	
Major Funds:						
General	\$0	\$2,000	\$0	\$0	\$0	\$2,000
Job and Family Services	48,237	0	0	0	0	48,237
Other Governmental Funds	24,943	0	1,301	1,063	36,517	63,824
Sewer	115,102	0	0	0	0	115,102
	<u>\$188,282</u>	<u>\$2,000</u>	<u>\$1,301</u>	<u>\$1,063</u>	<u>\$36,517</u>	<u>\$229,163</u>

The interfund payable in the Sewer Enterprise Fund is a result of the General Fund making sewer related expenditures. These items are expected to be repaid upon completion of the related projects and generation of revenues by the system. The remaining interfund receivables/payables are due to lags between the dates interfund goods and services are provided, transactions were recorded in the accounting system, and payments between funds were made. Remaining interfund receivables/payables will be reimbursed either when funds become available or when payments for services are rendered.

Gallia County, Ohio
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Interfund transfers for the year ended December 31, 2013, consisted of the following:

Transfer Out	Transfer In				Total
	Major Funds		Other Governmental Funds	Sewer	
	General	Job and Family Services			
Major Funds:					
General	\$0	\$86,369	\$681,139	\$8,220	\$775,728
Motor Vehicle and Gasoline Tax	144,170	0	932	820	145,922
Board of Developmental Disabilities	0	0	91,213	0	91,213
Other Governmental Funds	0	0	32,225	0	32,225
	<u>\$144,170</u>	<u>\$86,369</u>	<u>\$805,509</u>	<u>\$9,040</u>	<u>\$1,045,088</u>

Transfers were used to move revenues from the fund that Statute or budget requires to collect them to the fund that Statute or budget requires to expend them and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 19 - CAPITAL LEASES - LESSEE DISCLOSURE

In prior years, the County has entered into agreements to lease copiers and mail equipment. Such agreements are, in substance, lease purchases and are reflected as capital lease obligations in the financial statements. Capital lease payments are reflected as debt service expenditures on the statement of revenues, expenditures, and changes in fund balance for the governmental funds.

Equipment acquired by leases has been capitalized in the government wide statements for governmental activities in the amount of \$15,500, which is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the government wide statements for governmental activities. Governmental activities capitalized leased assets are reflected net of accumulated depreciation for a book value of \$7,750 as of December 31, 2013. Principal payments for all capital leases during 2013 totaled \$17,837 for governmental activities.

Future minimum lease payments through 2016 are as follows:

Year	Governmental Activities	
	Principal	Interest
2014	\$3,111	\$487
2015	3,308	290
2016	2,916	83
Total	<u>\$9,335</u>	<u>\$860</u>

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

NOTE 20 - JOINTLY GOVERNED ORGANIZATION

A. Joint Solid Waste Management District

The County is a member of the Gallia, Jackson, Meigs and Vinton Joint Solid Waste Management District (the District), which is a jointly governed organization of the four named counties. The purpose of the District is to make disposal of waste in the four-county area more comprehensive in terms of recycling, incinerating, and land filling.

The District is governed and operated through three groups. A twelve member Board of Directors, comprised of the three commissioners from each county, is responsible for the District's financial matters. Financial records are maintained by the District. The District's sole revenue source is a waste disposal fee for in-district and out-of-district waste. A twenty-five member Policy Committee, comprised of six members from each county and one at-large member appointed by the Policy Committee, is responsible for preparing the solid waste management plan of the District in conjunction with a Technical Advisory Council whose members are appointed by the Policy Committee. Each participating County's influence is limited to the numbers of members each appoints to the Board. Continued existence of the District is not dependent upon the County's continued participation, no equity interest exists, and no debt is outstanding. The County made no contributions to the District in 2013.

B. Gallia-Jackson-Meigs Board of Alcohol, Drug Addiction, and Mental Health Services

The Gallia, Jackson, and Meigs Board of Alcohol, Drug Addiction, and Mental Health Services (ADAMH), is a jointly governed organization of the three named counties. The ADAMH provides no direct services but contracts for their delivery. The ADAMH's function is to assess needs, and to plan, monitor, fund and evaluate the services. The ADAMH is managed by an eighteen member Board. The Board is comprised of five members appointed by the Jackson County Commissioners, two by the Gallia County Commissioners, and three by the Meigs County Commissioners, which are proportionate to population, four by the Ohio Department of Drug and Alcohol, and four by the State Department of Mental Health. Each participating county's influence is limited to the number of members each appoints to the Board. The Board exercises total control of the budgeting, appropriating, contracting and managing.

All of the Board's revenue is derived from State and Federal grants awarded to the multi-county Board. Gallia County serves as fiscal agent for the Board and it is presented as an Agency Fund. Continued existence of the ADAMH is not dependent upon the County's continued participation, no debt exists, and the County does not have an equity interest in the Board. During 2013, the County made no in payments to the Board.

C. Gallia-Jackson-Meigs Counties Cluster

The Gallia-Jackson-Meigs Counties Cluster provides services to multi-need youth in Gallia, Jackson, and Meigs Counties. Members of the Cluster include the Gallia-Jackson-Meigs Board of Alcohol, Drug Additional, and Mental Health Services, Gallia County Children Services, Gallia County Juvenile Court, Gallipolis City Schools, Gallia County Local Schools, the regional office of the Department of Youth Services, Gallia County Board of Developmental Disabilities, TASC (Treatment Alternative to Street Crime) of Southeast Ohio, Health Recovery Services-Basset House, the Bureau of Vocational Rehabilitation and the Family Addiction Community Treatment Services. The operation of the Cluster is controlled by an Advisory Committee which consists of one representative from each participating agency. State grants are received in the name of the Cluster. The continued existence of the Cluster is not dependent upon the County's continued participation and no equity interest exists. The Cluster has no outstanding debt.

Gallia County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

D. Area Agency on Aging, District 7, Inc.

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

E. Ohio Valley Resource Conservation and Development Area, Inc.

The Ohio Valley Resource Conservation and Development Area, Inc. is a jointly governed organization that is operated as a non-profit corporation. The Ohio Valley Resource Conservation and Development Area, Inc. was created to aid regional planning to participating counties. Jackson County, along with Ross, Vinton, Highland, Gallia, Brown, Adams, Pike, Scioto, and Lawrence Counties each appoint three members to the thirty member Council. The Council selects an administrator to oversee operations. In 2013, the County made no contributions to the Ohio Valley Resource Conservation and Development Area, Inc.

F. Southeastern Ohio Corrections Commission

The Southeastern Ohio Corrections Commission was formed for the purpose of planning to build a community jail through state funding. The Commission consists of Gallia, Jackson, and Meigs Counties. The state funding never materialized, but the Commission has remained together in the case there would be any new grants to apply for in the future. The Commission consists of nine members which included the President of the Commissioners, the Common Pleas Judge, and the Sheriff from each county. The Commission's fiscal agent will be the County Auditor of the County in which the jail is constructed. The County made no contributions to the Commission in 2013, and the Commission is not dependent upon the County's continued participation.

G. Gallia-Meigs Community Action Agency

The Gallia-Meigs Community Action Agency (the Agency) is a non-profit corporation organized to plan, conduct and coordinate programs designed to combat social and economic problems and to help eliminate conditions of poverty within Gallia and Meigs Counties. The agency is governed by an eighteen member board which consists of three commissioners from each county, three business owners from each county, and three low income individuals elected by each county. The three business owners are nominated by other local business owners and the three low income individuals are nominated by local town council meetings. The Agency received federal and state monies which are applied for and received by, and in the name of, the Board of Directors. The Gallia County Commissioners apply for the Community Housing Improvement Program Grant and the HOME Grant which are administered implemented by the Agency. The County is the fiscal agent for the grant, but the grants are used by the Agency to improve low income family housing in Gallia County. The Agency contracts for expenses that relate to the grants and then the County Commissioners issue the payments. The Board of County Commissioners exercises total control of the budgeting, appropriation, contracting and management. Continued existence of the Agency is not dependent upon the County's continued participation, nor does the County have an equity interest in the Agency. The Agency is not accumulating significant financial resources and is not experiencing fiscal distress that may cause an additional financial benefit to or burden on the County. In 2013, the County paid \$360,776 to the Agency for services provided to the County.

Gallia County, Ohio
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H. Gallia-Jackson Child Abuse and Neglect Advisory Board

The Child Abuse and Neglect Advisory Board (the Board) is a jointly governed organization formed to prevent child abuse and neglect in its members counties. The Board is controlled by a five member Board of Directors. Gallia and Jackson County each appoints two members and there is one at-large member. The at-large member is currently the Gallia, Jackson, and Meigs Counties Alcohol, Drug Addiction, and Mental Health Services Board director. The Board Organization receives \$20,000 a year from the State for birth registration fees, of which \$19,400 is sent directly to the Ohio Children's Trust Fund Board. The Gallia, Jackson, and Meigs Counties Alcohol, Drug Addiction, and Mental Health Services Board received the remaining \$600 for administrative services. Continued existence of the Board is not dependent upon the County's continued participation, nor does the County have an equity interest in the Board. The Board is not accumulating significant financial resources nor is it experiencing fiscal distress that may cause an additional financial benefit to or burden on the County. The Board currently does not prepare year end financial statements due to the limited amount of financial activity.

I. Ohio Valley Regional Development Commission

The Ohio Valley Regional Development Commission (the Commission) is a jointly governed organization that serves a twelve county economic development planning district in southern Ohio. The Commission was formed to influence favorably the future economic, physical and social development of Adams, Brown, Clermont, Fayette, Gallia, Highland, Jackson, Lawrence, Pike, Ross, Scioto, and Vinton Counties. Membership is comprised of elected and appointed county, municipal, and township officials or their officially appointed designees, as well as members of the private sector, community action agencies and regional planning commissions. The Commission is not dependent upon Gallia County for its continued existence. In 2013, the County paid \$5,265 to the Ohio Valley Regional Development Commission for membership.

J. Southern Ohio Council of Governments

The County is a member of the Southern Ohio Council of Governments (the "Council"), which is a jointly governed organization created under Ohio Revised Code Section 167.01. The governing body consists of a thirteen member board with each participating County represented by its Director of its Board of Mental Retardation and Developmental Disabilities (MRDD). Member counties include: Adams, Athens, Brown, Fayette, Gallia, Highland, Jackson, Lawrence, Pickaway, Pike, Ross, Scioto, and Vinton Counties. The Council acts as fiscal agent for the Gallia County MRDD's supportive living program monies. As of December 31, 2013, the County had a \$344,078 balance on hand with the Council. These monies are recorded as "Cash and Cash Equivalents with Fiscal Agents" on the County's financial statements. Financial statements can be obtained from the Council at 43 N. Paint St., Chillicothe, Ohio 45601.

NOTE 21 - RELATED ORGANIZATIONS

A. O.O. McIntyre Park District

The County Probate Judge is responsible for appointing the three-member board of the O.O. McIntyre Park District. Removal of the members requires due process. The County has no ability to impose its will on the organization nor is a benefit/burden relationship exist. The Park District has a one-half mill property tax that is collected by Gallia County and then transferred into the Park District Agency Fund. In addition, the Park District receives one percent of the County's share of Undivided Local Government Revenue Assistance and State income taxes. These items totaled \$7,500 in 2013. The Park District is its own budgeting and taxing authority and has no outstanding debt. The County Auditor serves as the fiscal agent for the Park District; therefore, the financial activity is reflected in the Park District Agency Fund.

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B. Bossard Memorial Library

The Bossard Memorial Library is statutorily created as a separate and distinct political subdivision of the State. Four trustees of the Library are appointed by the County Commissioners, and three trustees are appointed by the judges of the Common Pleas Court. Due process is required to remove board members. The Library has a 1.3 mill property tax that is collected by Gallia County and then transferred into the Library District Agency Fund. Although the County collects and distributes the tax, this function is strictly ministerial and the County provides no contributions of its own. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel, and does not depend upon the County for operational subsidies.

C. Gallia Metropolitan Housing Authority

The Gallia Metropolitan Housing Authority is a nonprofit organization established to provide adequate public housing for low income individuals and was created pursuant to State Statutes. The Authority is operated by a five member board. Two board members are appointed by the City of Gallipolis, one member is appointed by the Probate Court Judge, one member is appointed by the Common Pleas Court Judge, and one member is appointed by the County Commissioners. The Authority receives funding from the U.S. Department of Housing and Urban Development. The Board sets its own budget and selects its own management, and the County is not involved in its management or operation. The County is not financially accountable for the Authority.

NOTE 22 - SHARED RISK POOLS

A. County Risk Sharing Authority, Inc. (CORSA)

The County Risk Sharing Authority, Inc. (CORSA) is a public entity shared risk pool among fifty-five counties in Ohio. CORSA was formed as an Ohio non-profit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage 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 Corporation are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the board of trustees. CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payment of the certificates. The County does not have an equity interest in or a financial responsibility for CORSA. Any additional premium or contribution amounts and estimates of losses are not reasonably determinable. The County's payment for insurance to CORSA in 2013 was \$193,213.

B. County Commissioners Association of Ohio Workers' Compensation Group Rating Plan

The County is participating in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The County Commissioners Association Service Corporation (CCAOSC) was established through the County Commissioners Association of Ohio (CCAO) as a group purchasing pool.

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

NOTE 23 - DECLINING MORTGAGE LOANS

The County administers a loan program with funds provided by the U.S. Department of Housing and Urban Development, through the Ohio Department of Development, Office of Housing and Community Partnerships. The purpose of this program is to provide loans to low and moderate income families for home improvements. Loans are provided as declining mortgage loans with the intent that they do not have to repay 85% of the loan (85% of the loan is released at the end of either a five or ten year period), unless they would sell the residence before the five or ten year period ended. The remaining 15 percent would remain as a mortgage to the property until such time as the owner either pays it off or sells the property. When the owner repays the remaining 15 percent, these monies are deposited into the County's Housing Program Income Fund and then used as a match to current Home Investment Partnership Program Grants. As of December 31, 2013, the total amount of loans outstanding was \$194,757. Due to the nature of these loans, they do not constitute a receivable or pledge and the loans accordingly have not been reported in the accompanying basic financial statements.

NOTE 24 - LONG-TERM OBLIGATIONS

Changes in the County's long-term obligations during the year consisted of the following:

	Principal Outstanding 12/31/12	Additions	Deductions	Principal Outstanding 12/31/13	Amounts Due in One Year
Governmental Activities:					
General Obligation Bonds:					
2006 Early Childhood and Family Center - 4.45%	\$1,328,798	\$0	\$32,081	\$1,296,717	\$33,509
2009 EMS Station - 3.99%	134,176	0	4,178	129,998	4,347
2010 Speculative Building - 4.08%	210,586	0	13,908	196,678	14,484
2010 Airport Hangers - 4.34%	262,113	0	6,866	255,247	7,164
2011 Davis Lot Land - 4.50%	154,900	0	5,330	149,570	5,570
2012 JFS Building - 3.375%	<u>744,000</u>	<u>0</u>	<u>19,400</u>	<u>724,600</u>	<u>20,100</u>
Total General Obligation Bonds	<u>2,834,573</u>	<u>0</u>	<u>81,763</u>	<u>2,752,810</u>	<u>85,174</u>
2013 OPWC Road Improvements					
Loan - 0.00%	0	181,371	0	181,371	11,336
Capital Leases	27,172	0	17,837	9,335	3,111
Compensated Absences	<u>334,082 *</u>	<u>27,904</u>	<u>36,758</u>	<u>325,228</u>	<u>2,511</u>
Total Governmental Activities	<u>\$3,195,827</u>	<u>\$209,275</u>	<u>\$136,358</u>	<u>\$3,268,744</u>	<u>\$102,132</u>

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Business-Type Activities:

OWDA Loans:					
2008 Green Sewer - 5.21%	\$361,694	\$92,439	\$24,400	\$429,733	\$429,733
2009 Kanauga/Addison Sewer - 0.00%	333,000	0	18,000	315,000	9,000
2009 Kanauga/Addison Sewer - 1.48%	1,918,285	17,363	1,935,648	0	0
2009 Mercerville Sewer - 0.00%	202,987	0	11,600	191,387	5,800
2011 Kanauga/Addison Sewer - 1.00%	<u>488,919</u>	<u>16,580</u>	<u>12,273</u>	<u>493,226</u>	<u>0</u>
Total OWDA Loans	<u>3,304,885</u>	<u>126,382</u>	<u>2,001,921</u>	<u>1,429,346</u>	<u>444,533</u>
2000 USDA Sewer General Obligation					
Bonds - 4.50%	1,664,200	0	30,900	1,633,300	32,200
2013 USDA Sewer General Obligation					
Bonds - 3.125%	0	1,862,000	0	1,862,000	0
2002 OPWC Bidwell Porter Sewer - 0.00%	109,250	0	11,500	97,750	5,750
2008 OPWC Kanauga/Addison Sewer - 0.00%	<u>287,081</u>	<u>37,919</u>	<u>0</u>	<u>325,000</u>	<u>5,417</u>
Total USDA Bonds and OPWC Loans	<u>2,060,531</u>	<u>1,899,919</u>	<u>42,400</u>	<u>3,918,050</u>	<u>43,367</u>
Compensated Absences	<u>415</u> *	<u>5</u>	<u>420</u>	<u>0</u>	<u>0</u>
Total Business-Type Activities	<u><u>\$5,365,831</u></u>	<u><u>\$2,026,306</u></u>	<u><u>\$2,044,741</u></u>	<u><u>\$5,347,396</u></u>	<u><u>\$487,900</u></u>

*Vacation and compensatory time was reflected as long-term obligations in 2012. In 2013 vacation and compensatory time is being reflected as "Vacation Benefits Payable" in the amounts reflected below:

	<u>12/31/12</u>	<u>Restatement</u>	<u>Adjusted 12/31/2012</u>
Governmental Activities	\$1,047,020	(\$712,938)	\$334,082
Business-Type Activities	<u>2,529</u>	<u>(2,114)</u>	<u>415</u>
Total	<u><u>\$1,049,549</u></u>	<u><u>(\$715,052)</u></u>	<u><u>\$334,497</u></u>
	Vacation	678,875	
	Compensatory Time	<u>36,177</u>	
		<u><u>\$715,052</u></u>	

A. Governmental Activities

In September 2006, the County issued General Obligation Bonds in the amount of \$1,480,000 at 4.45 percent for the purpose of constructing an early family and childhood center. Principal and interest payments are due December 1 of each year through 2036. The bonds will be retired from the Board of Developmental Disabilities Fund. Principal and Interest requirements to retire the County's Early Family and Childhood Center General Obligation Bond at December 31, 2013, are as follows:

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Year Ended December 31,	Principal	Interest	Total
2014	\$33,509	\$57,704	\$91,213
2015	35,000	56,213	91,213
2016	36,558	54,655	91,213
2017	38,185	53,028	91,213
2018	39,884	51,329	91,213
2019-2023	227,674	228,391	456,065
2024-2028	283,046	173,019	456,065
2029-2033	351,883	104,182	456,065
2034-2036	250,978	22,661	273,639
	<u>\$1,296,717</u>	<u>\$801,182</u>	<u>\$2,097,899</u>

In January 2009, the County issued General Obligation Bonds in the amount of \$150,000 at 3.99 percent for the purpose of constructing an EMS Station. Principal and Interest payments are due December 1 each year through 2033. The bonds will be retired from the Emergency Manage System Fund. Principal and Interest requirements to retire the County's EMS Station General Obligation Bond at December 31, 2013, are as follows:

Year Ended December 31,	Principal	Interest	Total
2014	\$4,347	\$5,259	\$9,606
2015	4,523	5,083	9,606
2016	4,693	4,913	9,606
2017	4,896	4,710	9,606
2018	5,094	4,512	9,606
2019-2023	28,720	19,311	48,031
2024-2028	35,016	13,015	48,031
2029-2033	42,709	5,322	48,031
	<u>\$129,998</u>	<u>\$62,125</u>	<u>\$192,123</u>

In January 2010, the County issued General Obligation Bonds in the amount of \$250,258 at 4.08 percent for the purpose of constructing a speculative building. Principal and interest payments are due December 1 of each year through 2024. The bonds will be retired from loan revenue in the Community Development Block Grant Fund. In 2011, the County sold the speculative building to a local manufacturing company. A loan receivable in the amount of \$899,984 was set up in the Community Development Block Grant Fund. The proceeds of the receivable will be used to retire the General Obligation Bond. Principal and Interest requirements to retire the County's Speculative Building General Obligation Bond at December 31, 2013, are as follows:

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Year Ended December 31,	Principal	Interest	Total
2014	\$14,484	\$8,135	\$22,619
2015	15,083	7,536	\$22,619
2016	15,688	6,931	22,619
2017	16,356	6,263	22,619
2018	17,032	5,587	22,619
2019-2023	96,317	16,780	113,097
2024	21,718	901	22,619
	<u>\$196,678</u>	<u>\$52,133</u>	<u>\$248,811</u>

In July 2010, the County issued General Obligation Bonds in the amount of \$275,000 at 4.34 percent for the purpose of constructing two airport hangers at the Gallia-Meigs Regional Airport. Principal and interest payments are due December 1 of each year through 2035. The bonds will be retired from hangar rental fees revenue posted to the County's bond retirement fund. Principal and Interest requirements to retire the County's Airport General Obligation Bond at December 31, 2013, are as follows:

Year Ended December 31,	Principal	Interest	Total
2014	\$7,164	\$11,078	\$18,242
2015	7,475	10,767	18,242
2016	7,799	10,443	18,242
2017	8,138	10,104	18,242
2018	8,491	9,751	18,242
2019-2023	48,312	42,896	91,208
2024-2028	59,745	31,463	91,208
2029-2033	73,886	17,322	91,208
2034-2035	34,237	2,245	36,482
	<u>\$255,247</u>	<u>\$146,069</u>	<u>\$401,316</u>

In December 2011, the County issued General Obligation Bonds in the amount of \$160,000 at 4.50 percent for the purpose of purchasing the Davis Hall lot. Principal and interest payments are due December 1 of each year through 2031. The bonds will be retired from the General Fund. Principal and Interest requirements to retire the County's Davis Lot General Obligation Bond at December 31, 2013, are as follows:

Year Ended December 31,	Principal	Interest	Total
2014	\$5,570	\$6,730	\$12,300
2015	5,820	6,480	12,300
2016	6,082	6,218	12,300
2017	6,356	5,944	12,300
2018	6,642	5,658	12,300
2019-2023	37,970	23,531	61,501
2024-2028	47,318	14,183	61,501
2029-2031	33,812	3,088	36,900
	<u>\$149,570</u>	<u>\$71,832</u>	<u>\$221,402</u>

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In July 2012, the County issued General Obligation Bonds in the amount of \$744,000 at 3.375 percent for the purpose of purchasing a building for the Job and Family Services department. Principal and interest payments are due July 1 of each year through 2037. The bonds will be retired from building rental fees revenue posted to the County's bond retirement fund. Principal and Interest requirements to retire the JFS Building General Obligation Bond at December 31, 2013, are as follows:

Year Ended December 31,	Principal	Interest	Total
2014	\$20,100	\$24,455	\$44,555
2015	20,800	23,777	44,577
2016	21,400	23,075	44,475
2017	22,200	22,353	44,553
2018	22,900	21,603	44,503
2019-2023	126,800	95,880	222,680
2024-2028	149,700	72,988	222,688
2029-2033	176,600	45,971	222,571
2034-2037	164,100	14,074	178,174
	<u>\$724,600</u>	<u>\$344,176</u>	<u>\$1,068,776</u>

In July 2013, the County entered into an Ohio Public Works loan in the amount of \$181,371 interest free for the purpose of road improvements. Payments will be due January 1 and July 1 of each year through 2022. The loan will be retired from Motor Vehicle Gas Tax. Principal requirements to retire the OPWC Road Improvements Loan at December 31, 2013, are as follows:

Year Ended December 31,	Principal
2014	\$11,336
2015	22,671
2016	22,671
2017	22,671
2018	22,671
2019-2022	79,351
	<u>\$181,371</u>

Compensated absences will be paid from the fund from which the employees' salaries are paid. These funds include the General Fund, the Motor Vehicle and Gasoline Tax, Children Services, Dog and Kennel, Job and Family Services, Child Support Enforcement Administration, Emergency Management, Court and Corrections, Real Estate Assessment, Board of Developmental Disabilities, Sheriff, Emergency Management System, and Community Development Block Grant Special Revenue Funds, and the Sewer Enterprise Funds. Capital lease obligations are paid from intergovernmental tax revenues from the Community Development Block Grant Fund and general property tax revenues in the General Fund.

Gallia County, Ohio
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B. Business-Type Activities

In June 2006, the County entered into an agreement with OWDA for a Green Township Sanitary Sewer Study in the amount of \$50,000. On August 28, 2008, the County was approved for a \$325,000 Green Sewer Phase I Design Loan which was used to pay off the Sanitary Sewer Study Loan. On March 31, 2011, the County was approved for an additional \$163,000 for a total of \$488,000. The current contract term is for an interest rate of 5.21% with \$12,200 principal payment amounts semiannually for five years with a final payment date of July 1, 2014. The design loan will be rolled over into a long term construction loan for payment. As of December 31, 2013, \$539,533 has been disbursed on the OWDA Loan, which includes capitalized interest. The loan will be paid from pledged revenues charged for services of the system. The County is currently making semi-annual principal payments of \$12,200 which represents 1/40th of the authorized loan amount. As of December 31, 2013, the County has repaid \$109,800. As of December 31, 2013, OWDA had not disbursed the entire amount of the loan. On May 30, 2013, the Board of County Commissioners accepted a loan / grant offer from USDA relating to Green Sewer with a grant amount of \$3,335,000 and loan portion of \$3,089,000 with terms of 2.125% interest for 40 years with principal deferral of 2 years. The funds will be used to construct a new sanitary sewer collection system in portions of Green and Gallipolis Townships.

In 2009, the County entered into a Water Pollution Control Loan Fund agreement through OWDA which included assistance from the American Reinvestment and Recovery Act (ARRA) in the amount of \$720,000 for additional financing on the Kanauga-Addison Sewer System. This loan has a 0% interest rate and a term of 20 years. \$360,000 of this loan was paid with grant funding from the American Reinvestment and Recovery Act. As of December 31, 2012, \$720,000 was disbursed on this loan; \$360,000 of the loan has been repaid with the above mentioned ARRA grant funding. In accordance with Section 603(d)(1)(c) of the Clean Water Act, the County has established a dedicated source of revenue for repayment of the loan. The dedicated source of repayment for the loan is the sewer use charges in the Gallia County Commissioner's Resolution passed on May 14, 2009. Semi - annual payment amounts are \$9,000 with the date of first payment of January 1, 2012, which was paid during 2011. Principal and Interest requirements to retire the County's Kanauga/Addison Sewer OWDA Loan at December 31, 2013, are as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Principal</u>
2014	\$9,000
2015	18,000
2016	18,000
2017	18,000
2018	18,000
2019-2023	90,000
2024-2028	90,000
2029-2031	54,000
	<u><u>\$315,000</u></u>

The County was required to secure interim financing relating to the construction of the Kanauga-Addison Sewer System for which the County received a \$1,862,000 USDA Rural Development loan relating to the construction. On August 27, 2009, the County secured interim financing for the USDA Rural Development loan with the Ohio Water Development Authority (OWDA) at an interest rate of 1.48% for a term of 40 years. The OWDA loan was used to pay off the 2006 OWDA planning loan related to the project. As of December 31, 2013, \$1,935,648 was disbursed on the OWDA Loan, which includes capitalized interest. The County has pledged future Kanauga - Addison Sewer System customer revenues, net of specified operating expenses, to repay the \$1,862,000 OWDA Loan issued in 2009. Proceeds from the loan provide financing for the construction of the Kanauga - Addison Sewer System.

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On March 14, 2013, the Board of County Commissioners approved a resolution authorizing the issuance of \$1,862,000 Sanitary Sewer Revenue Bonds. Proceeds were used to retire \$1,862,000 of the interim OWDA loan financing on March 25, 2013. The remaining amount of the interim financing outstanding was paid by the County on March 28, 2013. The Sanitary Sewer Revenue Bonds have an interest rate of 3.125% and are to be paid over forty years with the first payment representing interest being due March 1, 2014, with final payment being March 1, 2053. The Bonds will be repaid from revenues derived from the operations of the County's sewer system. Principal and interest requirements to retire the Sewer Enterprise Fund's bonds outstanding at December 31, 2013, are as follows:

Year Ended December 31,	Principal	Interest	Total
2014	\$0	\$55,440	\$55,440
2015	0	58,188	58,188
2016	26,200	58,188	84,388
2017	27,000	57,369	84,369
2018	27,900	56,525	84,425
2019-2023	153,000	268,994	421,994
2024-2028	178,500	243,544	422,044
2029-2033	208,100	213,862	421,962
2034-2038	242,800	179,244	422,044
2039-2043	283,100	138,865	421,965
2044-2048	330,200	91,775	421,975
2049-2053	385,200	36,850	422,050
	<u>\$1,862,000</u>	<u>\$1,458,844</u>	<u>\$3,320,844</u>

In 2009, the County entered into a Water Pollution Control Loan Fund agreement through OWDA which included assistance from the American Reinvestment and Recovery Act (ARRA). In June 2011, an additional \$110,000 was approved. This loan has a 0% interest rate and a term of 20 years. \$450,000 of this loan is scheduled to be paid with grant funding from the American Reinvestment and Recovery Act (ARRA). As of December 31, 2013, \$676,195 was disbursed on this loan; \$450,000 of the loan has been repaid with the above mentioned ARRA grant funding. In accordance with Section 603(d)(1)(c) of the Clean Water Act, the County has established a dedicated source of revenue for repayment of the loan. The dedicated source of repayment for the original loan is the sewer use charges in the Gallia County Commissioner's Resolution passed on May 14, 2009. The dedicated source of repayment for the supplemental loan is the wastewater user connection fees in Gallia County Commissioner's Resolution passed on December 16, 2010. The first payment of \$2,994 was made on the original loan in 2010. Semi - annual payment amounts were \$2,994 with the date of first payment of January 1, 2011, which was paid during 2010. With receipt of the supplemental loan, semi - annual payments are currently \$5,800. Principal and Interest requirements to retire the County's Mercerville Sewer WPCLF OWDA Loan at December 31, 2013, are as follows:

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Year Ended December 31,	Principal
2014	\$5,800
2015	11,599
2016	11,599
2017	11,599
2018	11,599
2019-2023	57,996
2024-2028	57,996
2029-2030	23,199
	<u>\$191,387</u>

In June 2011, the County entered into an agreement with OWDA for a Community Assistance Fund Loan for additional funding for the Kanauga – Addison Sewer project. The maximum amount of the loan is \$500,000 at a rate of one percent for a term of thirty years. The County has pledged future Kanauga - Addison Sewer System customer revenues, net of specified operating expenses, to repay the loan. Proceeds from the loan provide financing for the construction of the Kanauga - Addison Sewer System. The loan is payable solely from sewer customer net revenues. Annual principal and interest payments on the bonds are expected to be less than net revenues. As of December 31, 2013, \$505,499 has been disbursed by OWDA relating to this loan. No amortization schedule exists as of December 31, 2013.

In March 2000, the County issued Sewer General Obligation Bonds in the amount of \$1,927,000 at an interest rate of 4.50 percent. Principal and interest payments are due March 1 of each year through 2040. These bonds issued through the USDA Rural Development were for the purpose of constructing the Bidwell Porter sewer system. The bonds will be repaid from revenues derived from the operations of the County's sewer system. Principal and interest requirements to retire the Sewer Enterprise Fund's bonds outstanding at December 31, 2013, are as follows:

Year Ended December 31,	Principal	Interest	Total
2014	\$32,200	\$73,499	\$105,699
2015	33,700	72,049	105,749
2016	35,100	70,533	105,633
2017	36,800	68,954	105,754
2018	38,400	67,598	105,998
2019-2023	219,500	308,957	528,457
2024-2028	273,700	254,902	528,602
2029-2033	341,000	187,538	528,538
2034 -2038	424,900	103,590	528,490
2039-2040	198,000	13,459	211,459
	<u>\$1,633,300</u>	<u>\$1,221,079</u>	<u>\$2,854,379</u>

In August 2002, the County obtained the Bidwell Porter Sewer System OPWC Loan in the amount of \$230,000 at an interest rate of zero percent. Principal payments are due January and July 1 of each year through 2022. This loan was entered into for the purpose of constructing the Bidwell Porter Sewer System. The loan will be retired from Sewer Enterprise Fund revenue. Principal and interest requirements to retire the County's Bidwell Porter Sewer OPWC Loan outstanding at December 31, 2013, are as follows:

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Year Ended December 31,	Principal
2014	\$5,750
2015	11,500
2016	11,500
2017	11,500
2018	11,500
2019-2022	46,000
	<u>\$97,750</u>

In July 2008, the County obtained the Kanauga/Addison Sewer OPWC Loan in the amount of \$325,000 at an interest rate of zero percent. Principal payments are due January and July 1 of each year through 2044 in amounts of \$5,417. This loan was entered into for the purpose to expand the Kanauga/Addison sewer system. The loan will be retired from Sewer Enterprise Fund revenue. Principal and interest requirements to retire the County's Bidwell Porter Sewer OPWC Loan outstanding at December 31, 2013, are as follows:

Year Ended December 31,	Principal
2014	\$5,417
2015	10,833
2016	10,833
2017	10,833
2018	10,833
2019-2023	54,167
2024-2028	54,167
2029-2033	54,167
2034 -2038	54,167
2039-2043	54,167
2044	5,416
	<u>\$325,000</u>

The County has pledged future customer revenues, net of specified operating expenses, to repay \$1,429,346 in OWDA loans issued from 2008 to 2011. Proceeds from these loans provided financing for various sewer projects. The loans are payable solely from customer net revenues and are payable through 2031. Annual principal and interest payments on the bonds should require less than 100 percent of net revenues in future years. Net revenues include all revenues received by the sewer utility less all operating expenses other than depreciation expense. The total principal and interest remaining to be paid on the loans are unknown at this time since some loans are not fully drawn out, however principal and interest remaining on the Mercerville and Kanauga/Addison OWDA (WPCLF) loans are \$191,387 and \$315,000, respectively. Annual principal and interest payments on the loans are expected to require more than 100 percent of net revenues in future years. The total principal and interest remaining to be paid on the loans is \$1,429,346. Principal and interest payments for the current year were \$2,001,921, net revenues were (\$130,763), and total revenues were \$492,520.

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For the Year Ended December 31, 2013

C. 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 one percent of the total valuation of the County. The Code further provides that the total shall never exceed a sum equal to three percent of the first \$100,000,000 of the assessed valuation, plus one and one-half percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus two and one-half percent of such valuation in excess of \$300,000,000. The County's total debt margin was \$13,320,079 and the unvoted debt margin was \$4,167,522 at December 31, 2013.

D. Conduit Debt

Pursuant to State statute, various industrial revenue bonds have been issued for private industry within the County. The proceeds of the industrial revenue bonds are used by the various private industries for new construction or improvements. The bonds are to be repaid by the recipients of the proceeds and do not represent obligations of the County. As of December 31, 2013, \$160,487,824 of industrial revenue bonds had been issued, and \$156,804,147 of those remained outstanding.

NOTE 25 - GALLIA COUNTY LANDFILL

In 1978 Gallia County established the Gallia County Sanitary Landfill. The County contracted with Greg Fields to operate the landfill when it opened. In 1991, Mid-American Waste Systems, Inc. (Mid-American) purchased Greg Field's business. At this time Gallia County operated the landfill on its own for a three month period until the County signed the lease agreement with Mid-American in June 1991. In 2001, the County signed the current lease agreement with USA Waste Services, Inc. (Waste Management). The lease agreement states that Waste Management is the operator of the landfill and that the County is to receive a portion of the landfill fees. The lease also states that Waste Management will comply with the Ohio Environmental Protection Agency (EPA) closure and post closure requirements; therefore, Waste Management is responsible for these costs unless the County does not renew the lease agreement. The EPA issued a Sub-Title D that states that landfill operators are to purchase a Final Assurance Bond for the closure and post closure costs and Waste Management has met the requirement.

NOTE 26 - SUBSEQUENT EVENTS

- On February 27, 2014, the Board of County Commissioners approved a contract with Strand Associates Inc. for engineering services for the widening and paving of McCormick Road at a cost of \$104,388.
- On April 10, 2014, the Board of County Commissioners approved a contract with Shelley Co. for the Fairview road widening project at a cost of \$154,947.
- On April 10, 2014, the Board of County Commissioners approved a contract with Crown Excavating for a culvert replacement at a cost of \$67,620.
- On April 10, 2014, the Board of County Commissioners approved the purchase of an EMS Squad vehicle through state purchasing at a cost of \$92,177.
- On May 8, 2014, the Board of County Commissioners approved a contract with Stantec for the Green Sewer project – phase 2 at a cost of \$150,000.
- On May 22, 2014, the Board of County Commissioners approved a contract with Crown Excavating for a culvert replacement at a cost of \$64,265
- On July 3, 2014, the Board of County Commissioners awarded a bid to Sexton's Excavating, contingent upon receipt of FAA grant, in the amount of \$446,775.
- On September 4, 2014, the County Board of Commissioners approved a contract with Scioto Valley Precast, for culverts for the County Engineer's Bridge Replacement Project at a cost of \$148,058.

Gallia County, Ohio
Required Supplementary Information
Condition Assessments of the County's Infrastructure
Reported Using the Modified Approach
For the Year Ended December 31, 2013

The County reports its road and bridge infrastructure assets using the modified approach. The following disclosures pertain to the condition assessments of these assets:

County Roads

The Gallia County Engineer uses a pavement management system to evaluate the condition of over 454 miles of roadway. All roads are inspected on an annual basis using the following system, and criteria consisting of current condition, last date of maintenance or resurfacing, traffic count and type.

Surface Rating	Condition Rating	Description
1	Excellent	Surface not in need of maintenance. New condition. Surface age typically 1-5 years. Older surfaces with low traffic counts and low truck traffic also in this category.
2	Good	Surface requires minor maintenance to restore to excellent condition. Generally, surfaces 6-10 years of age in this category.
3	Fair	Surface requires major maintenance to restore to excellent condition. Generally, surfaces 11-15 years of age in this category.
4	Deficient	Surface requires major maintenance to restore to excellent condition. Surfaces older than 15 years, or with high traffic counts and high truck traffic in this category.
5	Poor	Surface is no longer useable.

It is the practice of the Gallia County Engineer to maintain the county roadway system where at least 85% of the roadways will have a rating of '3 - Fair' or better.

Bridges and Large Culverts

All bridges and large culverts are inspected on an annual basis, as required by ORC. The rating system used was developed by FHWA, and entails the inspection of all components of the structure, as described in the following system.

Structure Rating	Condition Rating	Description
9	Excellent	Superior to current desirable criteria.
8	Very Good	Equal to current desirable criteria.
7	Good	Better than current minimum criteria.
6	Satisfactory	Equal to current desirable criteria.
5	Fair	Low priority for repair.
4	Poor	High priority for repair.
3	Serious	Low priority for replacement.

Gallia County, Ohio
Required Supplementary Information
Condition Assessments of the County's Infrastructure
Reported Using the Modified Approach
For the Year Ended December 31, 2013

2	Critical	High priority for replacement.
1	Imminent Failure	Immediate repair/replacement necessary.
0	Closed	Bridge closed.

It is the practice of the Gallia County Engineer to maintain the county bridge and large culvert system where at least 80% of the structures will have a rating of '5 - Fair' or better.

The following summarizes the road and bridge conditions as of December 31, 2013 and 2012.

ROAD CONDITION 2013

CONDITION DESCRIPTION	ROAD CONDITION	LENGTH MILES	AREA SQUARE FEET	% OF ROADS	PERCENT ACCUMULATION
EXCELLENT	1	203.80	18,880,398.24	45.84%	45.84%
GOOD	2	241.05	21,404,570.88	51.97%	97.81%
FAIR	3	9.91	894,062.40	2.17%	99.98%
DEFICIENT	4	0.09	6,652.80	0.02%	100.00%
POOR	5	0.00	0.00	0.00%	100.00%
TOTALS		454.85	41,185,684.32	100.00%	

99.98% of roads exceed the goal of 85% of roadways having a rating of '3 - Fair' or better in 2013.

ROAD CONDITION 2012

CONDITION DESCRIPTION	ROAD CONDITION	LENGTH MILES	AREA SQUARE FEET	% OF ROADS	PERCENT ACCUMULATION
EXCELLENT	1	178.76	16,667,059.20	40.52%	40.52%
GOOD	2	259.83	23,007,589.44	55.93%	96.45%
FAIR	3	16.17	1,456,466.88	3.54%	99.99%
DEFICIENT	4	0.09	6,652.80	0.01%	100.00%
POOR	5	0.00	0.00	0.00%	100.00%
TOTALS		454.84	41,137,768.32	100.00%	

99.99% of roads exceed the goal of 85% of roadways having a rating of '3 - Fair' or better in 2012.

Gallia County, Ohio
Required Supplementary Information
Condition Assessments of the County's Infrastructure
Reported Using the Modified Approach
For the Year Ended December 31, 2013

BRIDGE CONDITION 2013

CONDITION DESCRIPTION	BRIDGE CONDITION (GA)	# OF BRIDGES	% OF BRIDGES	PERCENT ACCUMULATION
EXCELLENT	9	4	1.44%	1.44%
VERY GOOD	8	30	10.83%	12.27%
GOOD	7	52	18.77%	31.05%
SATISFACTORY	6	66	23.83%	54.87%
FAIR	5	95	34.30%	89.17%
POOR	4	27	9.75%	98.92%
SERIOUS	3	2	0.72%	99.64%
CRITICAL	2	1	0.36%	100.00%
IMMINENT FAILURE	1	0	0.00%	100.00%
CLOSED	0	0	0.00%	100.00%
TOTALS		277	100.00%	

89.17% of structures exceed the goal of 80% of structures having a rating of '5 - Fair' or better in 2013.

BRIDGE CONDITION 2012

CONDITION DESCRIPTION	BRIDGE CONDITION (GA)	# OF BRIDGES	% OF BRIDGES	PERCENT ACCUMULATION
EXCELLENT	9	2	0.72%	0.72%
VERY GOOD	8	30	10.83%	11.55%
GOOD	7	52	18.77%	30.32%
SATISFACTORY	6	66	23.83%	54.15%
FAIR	5	95	34.30%	88.45%
POOR	4	29	10.47%	98.92%
SERIOUS	3	2	0.72%	99.64%
CRITICAL	2	1	0.36%	100.00%
IMMINENT FAILURE	1	0	0.00%	100.00%
CLOSED	0	0	0.00%	100.00%
TOTALS		277	100.00%	

88.45% of structures exceed the goal of 80% of structures having a rating of '5 – Fair' or better in 2012.

Budgeted versus actual expenditures for combined road and bridge maintenance in 2013 and 2012:

<u>Year of Expense</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Difference</u>
2013	\$4,200,114	\$5,874,749	(\$1,674,635)
2012	3,551,390	4,161,650	(610,260)

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GALLIA COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2013

FEDERAL GRANTOR/ Pass Through Grantor/ Program Title	Pass Through Entity's Number	Federal CFDA Number	Disbursements
<u>UNITED STATES DEPARTMENT OF AGRICULTURE</u>			
<i>Passed through Ohio Department of Education</i>			
Child Nutrition Cluster:			
School Breakfast Program	070615-05PU-2013	10.553	\$4,737
	070615-05PU-2014		1,528
Total School Breakfast Program			6,265
National School Lunch Program	070615-LLP4-2013	10.555	7,696
	070615-LLP4-2014		2,407
Total National School Lunch Program			10,103
Total Child Nutrition Cluster			16,368
<i>Passed through Ohio Department of Job and Family Services</i>			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	G-1213-11-0039/G-1415-11-5359	10.561	249,374
Total U.S. Department of Agriculture			265,742
<u>UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
<i>Passed through Ohio Department of Development</i>			
Community Development Block Grants - State's Program			
Community Housing Improvement Program	B-C-11-1AY-1	14.228	114,176
Community Development Program	B-F-11-1AY-1		154
	B-F-12-1AY-1		137,203
	B-F-13-1AY-1		1,899
Water and Sanitary Sewer Competitive Grant Program	B-W-08-1AY-1		37,713
Total Community Development Block Grants - State's Program			291,145
Home Investment Partnerships Program			
Community Housing Improvement Program	B-C-11-1AY-2	14.239	273,323
Total U.S. Department of Housing and Urban Development			564,468
<u>UNITED STATES DEPARTMENT OF THE INTERIOR</u>			
<i>Direct from Federal Government</i>			
Payments in Lieu of Taxes	N/A	15.226	17,458
Total U.S. Department of the Interior			17,458
<u>UNITED STATES DEPARTMENT OF JUSTICE</u>			
<i>Passed through the Ohio Department of Youth Services</i>			
Juvenile Accountability Block Grants	2011-JB-009-B076	16.523	10,000
<i>Passed through the Ohio Department of Public Safety - Office of Criminal Justice Services</i>			
Edward Byrne Memorial Justice Assistance Grant Program Cluster			
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants To States and Territories	2012-JG-LLE-5214	16.803	7,497
<i>Direct from Federal Government</i>			
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants To Units of Local Government	2009-SB-B9-2216	16.804	296
Total Edward Byrne Memorial Justice Assistance Grant Program Cluster			7,793
Total U.S. Department of Justice			17,793
<u>UNITED STATES DEPARTMENT OF LABOR</u>			
<i>Passed Through Workforce Investment Act Area 7</i>			
Workforce Investment Act (WIA) Cluster:			
WIA Adult Program	N/A	17.258	99,724
WIA Youth Activities		17.259	93,979
WIA Dislocated Worker Formula Grants		17.278	210,367
Total Workforce Investment Act (WIA) Cluster			404,070
Workforce Investment Act (WIA) National Emergency Grants		17.277	4,201,983
Total U.S. Department of Labor			4,606,053

GALLIA COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)

FEDERAL GRANTOR/ Pass Through Grantor/ Program Title	Pass Through Entity's Number	Federal CFDA Number	Disbursements
UNITED STATES DEPARTMENT OF TRANSPORTATION			
<i>Direct from the Federal Government</i>			
Airport Improvement Program	3-39-0101-1011	20.106	\$38,348
	3-39-0101-1112		<u>82,322</u>
Total Airport Improvement Program			120,670
<i>Passed Through Ohio Department of Transportation</i>			
Highway Planning and Construction	PID87371	20.205	1,091,423
	PID88303		1,994,013
	PID92484		168,283
	PID93895		4,500
	PID89455		1,960
	PID90595		<u>110,691</u>
Total Highway Planning and Construction			3,370,870
<i>Passed Through Ohio Department of Public Safety - Ohio Traffic Safety Office</i>			
Highway Safety Cluster:			
State and Community Highway Safety	HVEO-2013-27-00-00-00377-00	20.600	4,861
Alcohol Impaired Driving Countermeasures Incentive Grants I	HVEO-2013-27-00-00-00377-00	20.601	<u>4,861</u>
Total Highway Safety Cluster			9,722
Total U.S. Department of Transportation			3,501,262
UNITED STATES DEPARTMENT OF EDUCATION			
<i>Passed through Ohio Department of Education</i>			
Special Education Cluster (IDEA):			
Special Education-Grants to States (IDEA, Part B)	070615-6BSF-2013	84.027	13,018
	070615-6BSF-2014		<u>7,120</u>
Total Special Education-Grants to States (IDEA, Part B)			20,138
Special Education-Preschool Grants (IDEA Preschool)	070615-PGS1-2013	84.173	5,889
	070615-PGS1-2014		<u>3,123</u>
Total Special Education-Preschool Grants (IDEA Preschool)			9,012
Total Special Education Cluster (IDEA)			<u>29,150</u>
Total U.S. Department of Education			29,150
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed Through Ohio Department of Job and Family Services</i>			
Promoting Safe and Stable Families	G-1213-11-0040/G-1415-11-5360	93.556	5,840
Temporary Assistance for Needy Families	G-1213-11-0039/G-1415-11-5359	93.558	1,677,536
Child Support Enforcement	G-1213-11-0039/G-1415-11-5359	93.563	632,969
Child Care and Development Block Grant	G-1213-11-0039/G-1415-11-5359	93.575	59,966
Community Based Child Abuse Prevention Grant	G-1213-11-0040/G-1415-11-5360	93.590	2,000
Stephanie Tubbs Jones Child Welfare Services Program	G-1213-11-0040/G-1415-11-5360	93.645	29,764
Foster Care Title IV-E	G-1213-11-0040/G-1415-11-5360	93.658	118,347
Foster Care Title IV-E	G1213-06-0169/G1415-06-0203	93.658	<u>29,299</u>
Total Foster Care Title IV-E			147,646
Adoption Assistance	G-1213-11-0040/G-1415-11-5360	93.659	104,115
Medical Assistance Program	G-1213-11-0039/G-1415-11-5359	93.778	756,285
<i>Passed Through Ohio Department of Job and Family Services</i>			
Social Services Block Grant	G-1213-11-0039/G-1415-11-5359	93.667	200,090
<i>Passed Through Ohio Department of Development Disabilities</i>			
Social Services Block Grant	N/A	93.667	<u>17,112</u>
Total Social Services Block Grant			217,202
Total U.S. Department of Health and Human Services			3,633,323

GALLIA COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)

FEDERAL GRANTOR/ <i>Pass Through Grantor/ Program Title</i>	Pass Through Entity's Number	Federal CFDA Number	Disbursements
UNITED STATES DEPARTMENT OF HOMELAND SECURITY			
<i>Passed Through Ohio Department of Public Safety - Emergency Management Agency</i>			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	FEMA-4002-DR FEMA-4077-DR	97.036	\$844,086 <u>9,888</u>
Total Disaster Grants - Public Assistance (Presidentially Declared Disasters)			<u>853,974</u>
Emergency Management Performance Grants	EMW-2012-EP-00004-S01 EMW-2013-EP-00060-S01	97.042	16,973 <u>18,364</u>
Total Emergency Management Performance Grants			<u>35,337</u>
Homeland Security Grant Program	2010-SS-T0-0012 EMW-2011-SS-0070	97.067	14,682 <u>362</u>
Total Homeland Security Grant Program			<u>15,044</u>
Total U.S. Department of Homeland Security			<u>904,355</u>
TOTAL FEDERAL AWARDS EXPENDITURES			<u><u>\$13,539,604</u></u>

The Notes to the Schedule of Federal Awards Expenditures are an integral part of the Schedule.

GALLIA COUNTY

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – MATCHING REQUIREMENTS

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

NOTE C – COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS

The County has a revolving loan fund (RLF) program to provide low-interest loans to businesses to create jobs for low to moderate income persons and also to lend money to eligible persons to rehabilitate homes. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the County, passed through the Ohio Department of Development (ODOD). The Schedule reports loans made and administrative costs as disbursements on the Schedule. The County uses loan repayments and interest received to make additional loans, which the Schedule also reports. Subsequent loans are subject to the same compliance requirements imposed by HUD as the initial loans. In addition, with the approval of ODOD, the County may use repaid monies for Community Improvement projects.

These loans are collateralized by mortgages on the property.

Activity in the CDBG revolving loan fund during 2013 is as follows:

Cash balance on hand in the revolving loan fund as of December 31, 2013	\$60,965
Other Grants Administered Through the CFDA # 14.228 Program:	
	291,145
Total CDBG CFDA # 14.228 Program:	<u>\$352,110</u>

Delinquent amounts due as of December 31, 2013 are \$0.

In addition, the County has Declining Mortgage Loans outstanding in the amount of \$194,757. These loans are not reported on the Schedule and are also not reported on the Basic Financial Statements. See Note 24 to the Basic Financial Statements. The cash balance on hand in the Housing Program Income Fund at December 31, 2013 was \$51,955. There were no expenditures from the Housing Program Income Fund during 2013.

NOTE D – CHILD NUTRITION CLUSTER

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



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

Gallia County
18 Locust Street
Gallipolis, Ohio 45631

To the Board of County Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Gallia County, Ohio (the County), as of and for the year ended December 31 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 25, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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

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

Dave Yost
Auditor of State

Columbus, Ohio

September 25, 2014



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

Gallia County
18 Locust Street
Gallipolis, Ohio 45631

To the Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Gallia County, Ohio's (the County), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of Gallia County's major federal programs for the year ended December 31, 2013. The *Summary of Auditor's Results* in the accompanying Schedule of Findings identifies the County's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, 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, 2013.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Dave Yost
Auditor of State

Columbus, Ohio

September 25, 2014

GALLIA COUNTY

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2013**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list): <ul style="list-style-type: none"> • Highway Planning and Construction – CFDA # 20.205 • Workforce Investment Act (WIA) National Emergency Grants – CFDA # 17.277 • Child Support Enforcement – CFDA # 93.563 	
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 409,576 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

GALLIA COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COST
 OMB CIRCULAR A-133 § .315(b)
 DECEMBER 31, 2013

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2012-001	Questioned cost, noncompliance finding and material weakness relating to Ohio Admin Code § 5101:12-1-80.3(C)(1)(e). Gallia County Job and Family Services contracted with the Gallia County Prosecutor for IV-D services. The Prosecutor submitted monthly invoices. However, the invoices failed to document the total units spent on non-IV-D reimbursable activities.	Yes	



Dave Yost • Auditor of State

GALLIA COUNTY FINANCIAL CONDITION

GALLIA 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
OCTOBER 7, 2014