



Dave Yost • Auditor of State



PICKAWAY COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Pickaway County  
207 South Court Street  
Circleville, Ohio 43113

To the County Commissioners:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of Pickaway County, Ohio (the County), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of Pickaway County, Ohio, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Auto, License & Gas Tax, Job & 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.

**Emphasis of Matter**

As discussed in Note 4 and 23 to the financial statements, during the year ended December 31, 2014, the County adopted the provisions of Governmental Accounting Standard No. 69, *Government Combinations and Disposals of Government Operations*.

**Other Matters**

*Required Supplementary Information*

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

*Supplementary and Other Information*

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2015, 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

October 19, 2015

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**Pickaway County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2014*  
*Unaudited*

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The discussion and analysis of Pickaway County's financial performance provides an overall review of the County's financial activities for the fiscal year ended December 31, 2014. The intent of this discussion and analysis is to look at the County's financial performance as a whole. Readers should also review the financial statements and notes to those respective statements to enhance their understanding of the County's financial performance.

**Financial Highlights**

Key financial highlights for 2014 are as follows:

- The assets of the County exceeded its liabilities and deferred inflows at December 31, 2014, by \$68,183,575.
- The net position of governmental activities increased \$2,957,233 which represents a 4.69 percent increase from 2013, while the net position of business-type activities increased \$1,220,386, which represents a 136.17 percent increase.
- For 2014, all revenues of the County totaled \$38,793,811. General revenues accounted for \$19,438,752 in revenue or 50.11 percent of all revenues. Program revenues in the form of charges for services and grants and contributions accounted for \$18,242,819 or 47.03 percent of all revenues.
- The County had \$34,616,192 in total expenses: only \$18,242,819 of these expenses were offset by program specific charges for services, grants and contributions. General revenues were \$19,438,752 of which \$15,446,315 was taxes with the remaining \$3,992,437 interest, grants, entitlements and miscellaneous revenues.
- As of December 31, 2014, the County's governmental funds reported combined ending fund balances of \$27,251,569 an increase of \$2,538,242 or 10.27 percent in comparison with the prior year.

**Overview of the Financial Statements**

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

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

*Government-Wide Financial Statements*

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

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

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

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

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

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

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

#### *Fund Financial Statements*

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

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

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

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

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

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

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

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

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**Government-Wide Financial Analysis**

You may recall that the statement of net position provides the perspective of the County as a whole. Table 1 provides a summary of the County's net position for 2014 compared to 2013:

Table 1

**Changes in Net Position**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2014	2013	2014	2013	2014	2013
<b><u>Assets:</u></b>						
Current and Other Assets	\$37,640,421	\$34,851,387	\$342,882	\$334,165	\$37,983,303	\$35,185,552
Capital Assets, Net	41,449,013	40,709,287	5,040,576	3,819,968	46,489,589	44,529,255
<i>Total Assets</i>	<u>79,089,434</u>	<u>75,560,674</u>	<u>5,383,458</u>	<u>4,154,133</u>	<u>84,472,892</u>	<u>79,714,807</u>
<b><u>Liabilities:</u></b>						
Current and Other Liabilities	1,444,229	1,632,452	7,011	16,598	1,451,240	1,649,050
Long-Term Liabilities	5,296,790	4,991,019	3,259,843	3,241,317	8,556,633	8,232,336
<i>Total Liabilities</i>	<u>6,741,019</u>	<u>6,623,471</u>	<u>3,266,854</u>	<u>3,257,915</u>	<u>10,007,873</u>	<u>9,881,386</u>
Deferred Inflows of Resources	<u>6,281,444</u>	<u>5,827,465</u>	<u>0</u>	<u>0</u>	<u>6,281,444</u>	<u>5,827,465</u>
<b><u>Net Position:</u></b>						
Net Investments in Capital Assets	39,983,085	39,531,857	1,780,733	578,651	41,763,818	40,110,508
<i>Restricted For:</i>						
Road and Bridges	2,451,515	2,276,624	0	0	2,451,515	2,276,624
Human Services	421,469	340,736	0	0	421,469	340,736
Developmental Disabilities	15,137,851	14,061,262	0	0	15,137,851	14,061,262
Debt Service	117,891	132,878	0	0	117,891	132,878
Other Purposes	4,460,795	4,396,542	0	0	4,460,795	4,396,542
Unrestricted	<u>3,494,365</u>	<u>2,369,839</u>	<u>335,871</u>	<u>317,567</u>	<u>3,830,236</u>	<u>2,687,406</u>
<i>Total Net Position</i>	<u>\$66,066,971</u>	<u>\$63,109,738</u>	<u>\$2,116,604</u>	<u>\$896,218</u>	<u>\$68,183,575</u>	<u>\$64,005,956</u>

Governmental current assets increased for the year ended 2014 when compared with 2013. The majority of the increase is due to increases in the cash and cash equivalents held by the County, property taxes receivable and intergovernmental receivables.

The increase in governmental capital assets is due primarily to infrastructure additions exceeding current year depreciation.

The decrease in current liabilities for governmental activities is due mostly to a decrease in accounts payable and contracts payable in 2014.

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

For governmental activities, the County's largest portion of net position relates to net investment in capital assets. This accounts for 60.52 percent of net position. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to pay these liabilities.

The County's smallest portion of net position is unrestricted which accounts for 5.29 percent of net position.

The remaining balance of \$22,589,521 or 34.19 percent is restricted assets. The restricted net position is subject to external restrictions on how they may be used.

Business-type current assets increased due primarily to an increase in cash and cash equivalents. Capital assets increased due to the addition of buildings and infrastructure that exceeded annual depreciation. Current liabilities for business-type activities decreased primarily as a result of a decrease in accounts payable.

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Table 2 shows the changes in net position for 2014 compared to 2013.

	Table 2 NetPosition					
	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
<i>Program Revenues:</i>						
Charges for Services	\$5,097,552	\$4,584,510	\$524,636	\$391,912	\$5,622,188	\$4,976,422
Operating Grants & Contributions	12,131,849	13,823,471	0	0	12,131,849	13,823,471
Capital Grants & Contributions	488,782	590,963	0	0	488,782	590,963
<i>Total Program Revenues</i>	<u>17,718,183</u>	<u>18,998,944</u>	<u>524,636</u>	<u>391,912</u>	<u>18,242,819</u>	<u>19,390,856</u>
<i>General Revenues:</i>						
Property Taxes	7,460,705	7,239,549	0	0	7,460,705	7,239,549
Sales Taxes	7,610,319	7,405,987	0	0	7,610,319	7,405,987
Payments in Lieu of Taxes	375,291	236,741	0	0	375,291	236,741
Grants & Entitlements	2,244,347	1,525,460	0	0	2,244,347	1,525,460
Interest	211,315	181,281	0	0	211,315	181,281
Miscellaneous	1,527,839	757,347	8,936	0	1,536,775	757,347
Special Item	0	0	1,112,240	0	1,112,240	0
<i>Total General Revenues</i>	<u>19,429,816</u>	<u>17,346,365</u>	<u>1,121,176</u>	<u>0</u>	<u>20,550,992</u>	<u>17,346,365</u>
<i>Total Revenues</i>	<u>37,147,999</u>	<u>36,345,309</u>	<u>1,645,812</u>	<u>391,912</u>	<u>38,793,811</u>	<u>36,737,221</u>
<i>Program Expenses:</i>						
<i>General Government:</i>						
Legislative & Executive	5,723,542	5,457,656	0	0	5,723,542	5,457,656
Judicial	2,290,632	2,250,743	0	0	2,290,632	2,250,743
Public Safety	7,395,105	7,098,133	0	0	7,395,105	7,098,133
Public Works	6,107,692	6,906,930	0	0	6,107,692	6,906,930
Health	5,127,971	5,123,333	0	0	5,127,971	5,123,333
Human Services	6,833,976	5,889,795	0	0	6,833,976	5,889,795
Conservation & Recreation	363,012	357,714	0	0	363,012	357,714
Economic Development & Assistance	196,328	1,871,951	0	0	196,328	1,871,951
Other	2,922	2,203	0	0	2,922	2,203
Interest & Fiscal Charges	149,586	152,295	0	0	149,586	152,295
Countywide Sewer	0	0	362,662	314,631	362,662	314,631
Countywide Water	0	0	39,760	607	39,760	607
Instant Web Checks	0	0	23,004	29,074	23,004	29,074
<i>Total Program Expenses</i>	<u>34,190,766</u>	<u>35,110,753</u>	<u>425,426</u>	<u>344,312</u>	<u>34,616,192</u>	<u>35,455,065</u>
<i>Changes in Net Position</i>	2,957,233	1,234,556	1,220,386	47,600	4,177,619	1,282,156
Net Position at January 1	<u>63,109,738</u>	<u>61,875,182</u>	<u>896,218</u>	<u>848,618</u>	<u>64,005,956</u>	<u>62,723,800</u>
Net Position at December 31	<u>\$66,066,971</u>	<u>\$63,109,738</u>	<u>\$2,116,604</u>	<u>\$896,218</u>	<u>\$68,183,575</u>	<u>\$64,005,956</u>

**Pickaway County, Ohio**  
*Management's Discussion and Analysis*  
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*Unaudited*

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**Governmental Activities**

The most significant program expenses for the County are Public Safety, Human Services, Public Works, Legislative and Executive and Health. These programs account for 91.22 percent of the total governmental activities. Public Safety, which represents 21.63 percent of the total, represents costs mainly associated with the operation of the Sheriff's Department and County Jail. Human Services, which accounts for 19.99 percent of the total, represents costs associated with providing services for Workforce Investment Act, child support and enforcement assistance programs, and welfare programs for families and individuals. These expenses reflect programs administered by Job and Family Services, Child Support Enforcement Agency and Children Services. Public Works, which accounts for 17.86 percent of the total, represents costs associated with the operation of the County Engineer in maintaining the County's roads and bridges. Legislative and Executive expenses, which is 16.74 percent of the total, represents costs associated with the general administration of county government including the County Commissioners, Auditor, Treasurer, Prosecutor and Recorder. Health, which accounts for 15.00 percent of the total, primarily represents costs associated with the services provided by the Board of Developmental Disabilities. Funding for the most significant programs indicated above is from charges for services, operating grants, and in some instances property and sales taxes. The Job and Family Services, Child Support Enforcement Agency, Children Services and Clerk of Courts are basically funded with federal and state monies. The operation of the Sheriff's Department and County Jail is funded through General Fund general revenues and per diem charges to house prisoners from other jurisdictions. The Board of Developmental Disabilities is partially funded by a voted property tax levy. The most significant funding sources for the County Engineer are motor vehicle license fees and gasoline taxes.

As noted previously, the net position for the governmental activities increased \$2,957,233 or 4.69 percent. This change is different from last year when net position increased \$1,234,556 or 1.99 percent. Total revenues increased \$802,690 or 2.21 percent from last year and expenses decreased \$919,987 or 2.62 percent from last year.

Factors in the change in revenues are significant increases in grants and entitlements, which increased \$718,887 or 47.13 percent.

Expenses decreased 2.62 percent during 2014. Several factors led to this decrease. Public Works expenditures decreased \$799,238 or 11.57 percent, which is due to a decrease in Issue I funding from Ohio Public Works for road construction projects.

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

Table 3  
Governmental Activities

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2014	2014	2013	2013
<i>General Government:</i>				
Legislative and Executive	\$5,723,542	\$3,349,276	\$5,457,656	\$3,361,328
Judicial	2,290,632	1,362,756	2,250,743	1,188,319
Public Safety	7,395,105	5,676,139	7,098,133	5,347,624
Public Works	6,107,692	(30,628)	6,906,930	1,058,060
Health	5,127,971	3,429,700	5,123,333	3,223,702
Human Services	6,833,976	2,161,411	5,889,795	843,726
Conservation and Recreation	363,012	363,012	357,714	357,714
Community and Economic Development	196,328	8,409	1,871,951	576,838
Other	2,922	2,922	2,203	2,203
Interest and Fiscal Charges	149,586	149,586	152,295	152,295
<b>Total Expenses</b>	<b>\$34,190,766</b>	<b>\$16,472,583</b>	<b>\$35,110,753</b>	<b>\$16,111,809</b>

Of the \$34,190,766 in total governmental activities expenses, \$17,718,183 or 51.82 percent was covered by direct charges to users of the services and intergovernmental grants. The majority of program revenues are grants, with the remaining portion consisting of fees and charges for services. These charges are for fees charged for real estate transfers, for the collection of property taxes throughout the County, for title fees and for court fees. Public Safety charges for services include items such as fees for boarding prisoners, patrolling subdivisions, and for special details. Health includes charges for services provided to clients of the Board of Developmental Disabilities. For Public Works, the County Engineer has fully funded their operations.

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

**Business-Type Activities**

This year, net position increased by \$1,220,386 or 136.17 percent. For 2014, there was an increase in revenues, which was the result of increased charges for services and capital contributions, and an increase in expenses, which was the result of increased activity from customers during the year and an increase in contractual services and depreciation expenditures.

**Financial Analysis of the County's Funds**

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

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As of the end of the current year, the County's governmental funds reported combined ending fund balances of \$27,251,569. Of this total, \$4,819,357 represents unassigned fund balance, which is available for appropriation at the government's discretion within certain legal constraints and purposes restrictions. The majority amount of the governmental fund balances are restricted in the governmental fund statements, mandated by the source of the resources such as the state or federal government or the local tax levy.

The General Fund is the primary operating fund of the County. At the end of 2014, the unassigned fund balance of the General Fund was \$4,967,839. Unassigned fund balance represents 35.13 percent of expenditures. This is one measurement of the General Fund's liquidity. The fund balance of the General Fund increased by \$855,028, with revenues exceeding expenditures by \$1,327,131.

The Auto, License and Gas Tax Fund balance increased by \$201,414 which is due to an increase in charges for services and intergovernmental revenues. The Job and Family Services Fund balance increased by \$93,311, which is the result of increased intergovernmental revenues. The Board of Developmental Disabilities Fund balance increased by \$1,081,089, which is the result of the department maintaining expenditures within the revenues.

**Proprietary Fund** - The County's significant proprietary fund is the Countywide Sewer Fund, which accounts for the providing of sewer services to several subdivisions. Net position of this proprietary fund at year end was \$1,246,600, of which \$319,414 was unrestricted, which is an increase of \$349,571 or 38.97 percent.

### **Budgetary Highlights - General Fund**

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

The County had several revisions to the original appropriations approved by the County Commissioners. Overall these changes resulted in a decrease in the original appropriations of 0.16 percent or \$22,404, from \$14,214,997 to \$14,192,593, in the General Fund. The majority of the decrease occurred in the Public Safety and Legislative and Executive expenditure functions. The County spent 96.83 percent of the amount appropriated in the General Fund during 2014.

The final budgeted revenues were \$13,979,020 representing no change from the original budgeted estimate. Actual revenues were \$984,858 more than the final budgeted amount.

### **Capital Assets and Debt Administration**

#### *Capital Assets*

The County's net investment in capital assets for its governmental and business-type activities as of December 31, 2014 amounts to \$41,763,818. This net investment in capital assets includes land and improvements, buildings and improvements, improvements other than buildings, machinery and equipment, furniture and fixtures, vehicles, infrastructure and less related debt. For more information regarding the County's capital assets, see Note 8 of the notes to the basic financial statements.

#### *Debt*

Outstanding special assessment bonds at December 31, 2014, totaled \$57,000 with \$10,000 being retired during the year. Special assessment bonds are backed by the full faith and credit of the County. In the event of payment default by the property owners, the County would be responsible for the debt service payments.

**Pickaway County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2014*  
*Unaudited*

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General obligation notes outstanding at December 31, 2014 were \$1,198,281 with \$231,553 being retired during the year. These notes relate to proceeds used to purchase equipment for the County Engineer and reconstruction of roads and sidewalks.

General obligation bonds at December 31, 2014 were \$2,280,615 with 185,000 being retired during the year. These bonds relate to proceeds used to renovate all County buildings with improvements meant for energy savings.

Loans outstanding at December 31, 2014 were \$192,066 from the Ohio Public Works Commission with \$12,804 being retired during 2014; \$107,285 for Clark's Run Ditch with \$34,375 being retired during the year and \$19,050 for Pence Tile Ditch Improvement Project with \$6,041 being retired during 2014. These loans relate to proceeds used to complete renovations of the Cromley Road Bridge Replacement Project, Clark's Run Ditch project and Pence Tile Ditch Improvement Project.

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

**Economic Factors**

The economic outlook for the County continues to improve. The County's general fund income increased slightly in 2014 compared to 2013 revenues. Sales tax revenues are projected to continue to grow due to steady growth and the addition of new businesses locating in the County. Local government and casino revenues remained fairly constant in 2014 compared to 2013. They are expected to remain the same in 2015. Appropriations for 2014 are expected to slightly increase over the actual expenditures for 2013. The ending balance for 2015 is expected to be higher than it was at the end of 2014. These various economic factors were considered in the preparation of the County's 2014 budget and will be considered in the preparation of future budgets. With the slight increase in health insurance premiums and the small increase in salary and benefits, excluding union and bargaining employees and elected officials, in 2014 the County took a conservative budget approach for the General Fund in 2014 by allowing no increases for department appropriations and other operating expenses. The unemployment rate of the County is currently at 4.9% and has remained slightly above the state average.

**Rickenbacker East-West Connector** – Phases 1 & 2 of the Rickenbacker East-West Connector were completed in 2014. This much anticipated roadwork project included the widening of Duvall Road and Ashville Pike to three lanes, as well as a new bridge over the Norfolk Southern and CSX rail lines in Duvall. A mix of state, federal, and private monies were secured to fund the construction of this critical new infrastructure that will improve safety and accessibility and help to realize the tremendous development potential of the Rickenbacker Intermodal area of northern Pickaway County.

**Thomson JRS** – Agreement was reached with the Ohio Development Services Agency, Pickaway Progress Partnership (P3) and Industrial Realty Group (IRG) to reconfigure the grant monies and corresponding scope of work that will be done in transforming the former Thomson RCA site in Circleville into a certified Jobs Ready Site industrial park. P3 has secured a \$3.5 million JRS grant from the state that will provide roadwork and utilities improvements to the site and prepare it for future development.

**GE Lighting:** The GE Lighting plant in Circleville added a new energy efficient bulb line to the facility. The new bulbs will be sold exclusively through Walmart as part of a new made in America marketing campaign. This project included approximately \$5 million of investment in facilities and machinery upgrades resulting in the retention of the existing workforce and an addition of 50 new employees.

**Pickaway County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2014*  
*Unaudited*

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**Cargill:** Cargill purchased the former Smurfit site in Circleville for a planned expansion of its site to the north. Cargill plans to add rail siding and additional storage capacity that will improve the efficiency of operations and improve safety conditions on the streets of Circleville. The Smurfit site was certified to be clear of any remaining environmental liabilities by the Ohio EPA after two years of remediation and demolition. Cleanup of the site was funded with Clean Ohio and US EPA Brownfield grants secured and administered by P3.

**Southern Gateway Innovation Center** – A \$500,000 appropriation was secured in the State of Ohio Capital Budget Bill to match the \$2.5 million federal grant that P3 helped Ohio Christian University secure for the construction of the Southern Gateway Innovation Center. This project presents an exciting opportunity to provide new resources for entrepreneurial support and small business development in Pickaway County. The Pickaway County Commissioners and the City of Circleville also pledged capital contributions to P3 for construction costs.

**Roundtown Trail** – Work began on detailed design of the Roundtown Trail, a new 7,200 foot paved recreational trail that will connect the campuses of Ohio Christian University and Circleville City Schools with the Pickaway County YMCA in Circleville. P3 secured over \$500,000 in grant monies for the construction of the trail that will improve pedestrian safety and provide new recreational opportunities for students, residents and visitors to the area.

### **Business Retention & Expansion**

P3 is committed to providing support for existing industry in Pickaway County. 2014 saw a continuation of the trend from previous years with new investment and job creation by the major employers in the county.

**Trimold, LLC** - Trimold announced a planned expansion of its injection molding plant on Pittsburgh Road in Pickaway Township. 68,000 square feet of new facilities will be added to help accommodate the significant growth Trimold has experienced over the last three years. Resurgence in the automotive sector has fueled the recent creation of over 130 new full-time jobs at Trimold. This project will position Trimold to sustain this growth and add capacity for future expansion.

### **New Business Attraction**

Collaborative planning and strategic investments in infrastructure and incentives have positioned Pickaway County to be the next growth frontier in the Columbus Region. P3 and its local government stakeholders are successfully competing and attracting new business investment in Pickaway County.

**American Showa** - American Showa, an auto parts manufacturer for Honda and other brands, selected Pickaway County to construct its new 340,000 square foot distribution center. The Rickenbacker Intermodal area of Harrison Township was chosen for this project over other competing locations around the state. Showa officials anticipate significant savings on their logistics costs by consolidating warehousing, shipping and receiving operation from across multiple locations into this new state of the art facility.

### **Requests for Information**

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

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**Pickaway County, Ohio**  
*Statement of Net Position*  
*December 31, 2014*

	Primary Government			Component
	Governmental Activities	Business-Type Activities	Total	Unit
				Pickaway County Airport Authority
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$24,499,667	\$321,344	\$24,821,011	\$246,643
Cash and Cash Equivalents in Segregated Accounts	180,095	0	180,095	0
Materials and Supplies Inventory	410,783	0	410,783	0
Accrued Interest Receivable	37,144	0	37,144	0
Accounts Receivable	7,731	68,571	76,302	980
Loans Receivable	437,662	0	437,662	0
Internal Balance	47,033	(47,033)	0	0
Intergovernmental Receivable	3,839,692	0	3,839,692	0
Sales Taxes Receivable	1,256,546	0	1,256,546	0
Property Taxes Receivable	6,304,858	0	6,304,858	0
Payment in Lieu of Taxes Receivable	480,930	0	480,930	0
Special Assessments Receivable	59,010	0	59,010	0
Prepaid Items	79,270	0	79,270	0
Nondepreciable Capital Assets	731,102	13,964	745,066	218,036
Depreciable Capital Assets, Net	40,717,911	5,026,612	45,744,523	1,553,398
<i>Total Assets</i>	<u>79,089,434</u>	<u>5,383,458</u>	<u>84,472,892</u>	<u>2,019,057</u>
<b>Liabilities:</b>				
Accounts Payable	475,150	162	475,312	1,360
Accrued Wages and Benefits	876,750	5,232	881,982	0
Contracts Payable	12,408	0	12,408	0
Intergovernmental Payable	39,166	1,601	40,767	0
Matured Compensated Absences	24,873	0	24,873	0
Accrued Interest Payable	15,882	16	15,898	0
<i>Long-Term Liabilities:</i>				
Due Within One Year	1,526,697	150,380	1,677,077	0
Due In More Than One Year	3,770,093	3,109,463	6,879,556	0
<i>Total Liabilities</i>	<u>6,741,019</u>	<u>3,266,854</u>	<u>10,007,873</u>	<u>1,360</u>
<b>Deferred Inflows of Resources</b>				
Property Taxes	6,024,197	0	6,024,197	0
Payment in Lieu of Taxes	240,465	0	240,465	0
Unavailable Interest Revenue	16,782	0	16,782	0
<b>Deferred Inflows of Resources</b>	<u>6,281,444</u>	<u>0</u>	<u>6,281,444</u>	<u>0</u>
<b>Net Position:</b>				
Net Investment in Capital Assets	39,983,085	1,780,733	41,763,818	1,771,434
<i>Restricted for:</i>				
Auto License and Gas Tax	2,451,515	0	2,451,515	0
Human Services	421,469	0	421,469	0
Developmental Disabilities	15,137,851	0	15,137,851	0
Debt Service	117,891	0	117,891	0
Capital Projects	0	0	0	26,697
Other Purposes	4,460,795	0	4,460,795	0
Unrestricted	3,494,365	335,871	3,830,236	219,566
<i>Total Net Position</i>	<u>\$66,066,971</u>	<u>\$2,116,604</u>	<u>\$68,183,575</u>	<u>\$2,017,697</u>

See accompanying notes to the basic financial statements

**Pickaway County, Ohio**  
*Statement of Activities*  
For the Year Ended December 31, 2014

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
<i>Current:</i>				
<i>General Government:</i>				
Legislative and Executive	\$5,723,542	\$2,319,650	\$54,616	\$0
Judicial	2,290,632	849,682	78,194	0
Public Safety	7,395,105	1,136,552	582,414	0
Public Works	6,107,692	360,372	5,289,166	488,782
Health	5,127,971	233,146	1,465,125	0
Human Services	6,833,976	198,150	4,474,415	0
Conservation and Recreation	363,012	0	0	0
Community and Economic Development	196,328	0	187,919	0
Other	2,922	0	0	0
Interest and Fiscal Charges	149,586	0	0	0
<i>Total Governmental Activities</i>	<u>34,190,766</u>	<u>5,097,552</u>	<u>12,131,849</u>	<u>488,782</u>
<b>Business-Type Activities:</b>				
Countywide Sewer	362,662	454,586	0	0
Countywide Water	39,760	39,220	0	0
Instant Web Checks	23,004	30,830	0	0
<i>Total Business-Type Activities</i>	<u>425,426</u>	<u>524,636</u>	<u>0</u>	<u>0</u>
<i>Total Primary Government</i>	<u>\$34,616,192</u>	<u>\$5,622,188</u>	<u>\$12,131,849</u>	<u>\$488,782</u>
<b>Component Units:</b>				
Pickaway County Airport Authority	\$233,460	\$126,381	\$0	\$64,375
<i>Total Component Units</i>	<u>\$233,460</u>	<u>\$126,381</u>	<u>\$0</u>	<u>\$64,375</u>

**General Revenues:**

*Property Taxes Levied for:*

General Purposes

Health

Debt Service

*Sales Tax for:*

General Purposes

Capital Projects

Grants and Entitlements not Restricted to Specific Programs

Payment in Lieu of Taxes

Investment Earnings

Miscellaneous

*Total General Revenues*

*Special Item*

*Total General Revenues and Special Item*

Changes in Net Position

*Net Position at Beginning of Year*

*Net Position at End of Year*

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Units
Governmental Activities	Business-Type Activities	Total	Pickaway County Airport Authority
(\$3,349,276)	\$0	(\$3,349,276)	\$0
(1,362,756)	0	(1,362,756)	0
(5,676,139)	0	(5,676,139)	0
30,628	0	30,628	0
(3,429,700)	0	(3,429,700)	0
(2,161,411)	0	(2,161,411)	0
(363,012)	0	(363,012)	0
(8,409)	0	(8,409)	0
(2,922)	0	(2,922)	0
(149,586)	0	(149,586)	0
(16,472,583)	0	(16,472,583)	0
0	91,924	91,924	0
0	(540)	(540)	0
0	7,826	7,826	0
0	99,210	99,210	0
(16,472,583)	99,210	(16,373,373)	0
0	0	0	(42,704)
0	0	0	(42,704)
3,209,739	0	3,209,739	0
4,210,427	0	4,210,427	0
40,539	0	40,539	0
6,959,814	0	6,959,814	0
650,505	0	650,505	0
2,244,347	0	2,244,347	0
375,291	0	375,291	0
211,315	0	211,315	0
1,527,839	8,936	1,536,775	1,673
19,429,816	8,936	19,438,752	1,673
0	1,112,240	1,112,240	0
19,429,816	1,121,176	20,550,992	1,673
2,957,233	1,220,386	4,177,619	(41,031)
63,109,738	896,218	64,005,956	2,058,728
<u>\$66,066,971</u>	<u>\$2,116,604</u>	<u>\$68,183,575</u>	<u>\$2,017,697</u>

**Pickaway County, Ohio**

*Balance Sheet*

*Governmental Funds*

*December 31, 2014*

	General	Auto, License and Gas Tax	Job and Family Services	Board of Developmental Disabilities
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$3,971,992	\$585,994	\$228,669	\$14,932,717
Cash and Cash Equivalents In Segregated Accounts	156,309	0	0	0
Materials and Supplies Inventory	42,802	361,831	6,150	0
Accounts Receivable	7,731	0	0	0
Loans Receivable	0	0	0	0
Accrued Interest Receivable	37,144	0	0	0
Interfund Receivable	214,809	0	76,808	0
Intergovernmental Receivable	525,594	1,876,890	366,008	297,515
Prepaid Items	28,640	0	24,272	14,106
Sales Taxes Receivable	1,206,285	0	0	0
Property Taxes Receivable	2,727,332	0	0	3,577,526
Payment in Lieu of Taxes Receivable	0	0	0	0
Special Assessments Receivable	0	0	0	0
<i>Total Assets</i>	<u>\$8,918,638</u>	<u>\$2,824,715</u>	<u>\$701,907</u>	<u>\$18,821,864</u>
<b>Liabilities:</b>				
Accounts Payable	\$218,099	\$56,630	\$12,933	\$70,837
Accrued Wages and Benefits	485,656	89,417	113,140	97,825
Contracts Payable	0	0	0	0
Intergovernmental Payable	24,383	0	858	1,587
Matured Compensated Absences	24,873	0	0	0
Interfund Payable	0	0	0	0
<i>Total Liabilities</i>	<u>753,011</u>	<u>146,047</u>	<u>126,931</u>	<u>170,249</u>
<b>Deferred Inflows of Resources:</b>				
Property Taxes	2,727,332	0	0	3,577,526
Payment in Lieu of Taxes	0	0	0	0
Special Assessments	0	0	0	0
Unavailable Grants Revenue	352,186	1,251,260	0	237,545
Unavailable Interest Revenue	16,782	0	0	0
<i>Total Deferred Inflows of Resources</i>	<u>3,096,300</u>	<u>1,251,260</u>	<u>0</u>	<u>3,815,071</u>
<b>Fund Balances:</b>				
Nonspendable	101,488	361,831	30,422	14,106
Restricted	0	1,065,577	544,554	14,822,438
Committed	0	0	0	0
Assigned	0	0	0	0
Unassigned	4,967,839	0	0	0
<i>Total Fund Balances (Deficit)</i>	<u>5,069,327</u>	<u>1,427,408</u>	<u>574,976</u>	<u>14,836,544</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$8,918,638</u>	<u>\$2,824,715</u>	<u>\$701,907</u>	<u>\$18,821,864</u>

See accompanying notes to the basic financial statements

**Pickaway County, Ohio**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Position of Governmental Activities  
 December 31, 2014*

Other Governmental Funds	Total Governmental Funds
\$4,780,295	\$24,499,667
23,786	180,095
0	410,783
0	7,731
437,662	437,662
0	37,144
0	291,617
773,685	3,839,692
12,252	79,270
50,261	1,256,546
0	6,304,858
480,930	480,930
59,010	59,010
<u>\$6,617,881</u>	<u>\$37,885,005</u>
\$116,651	\$475,150
90,712	876,750
12,408	12,408
12,338	39,166
0	24,873
244,584	244,584
<u>476,693</u>	<u>1,672,931</u>
0	6,304,858
480,930	480,930
10,000	10,000
306,944	2,147,935
0	16,782
<u>797,874</u>	<u>8,960,505</u>
449,914	957,761
3,642,974	20,075,543
1,384,659	1,384,659
14,249	14,249
(148,482)	4,819,357
<u>5,343,314</u>	<u>27,251,569</u>
<u>\$6,617,881</u>	<u>\$37,885,005</u>

<b>Total Governmental Funds Balances</b>	\$27,251,569
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	41,449,013
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
Property Taxes	280,661
Payments in Lieu of Taxes	240,465
Special Assessments	10,000
Intergovernmental Revenue	<u>2,147,935</u>
Total	2,679,061
In the statement of activities, interest is accrued on outstanding debt, whereas in the governmental funds an interest expenditure is reported when due.	(15,882)
Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the funds:	
General Obligation Notes	(1,198,281)
General Obligation Bonds	(2,280,615)
Loans Payable	(126,335)
OPWC Loans Payable	(192,066)
Special Assessment Bonds	(57,000)
Capital Leases Payable	(75,581)
Compensated Absences	<u>(1,366,912)</u>
Total	<u>(5,296,790)</u>
<b>Net Position of Governmental Activities</b>	<u><u>\$66,066,971</u></u>

**Pickaway County, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2014*

	General	Auto, License and Gas Tax	Job and Family Services	Board of Developmental Disabilities
<b>Revenues:</b>				
Property Taxes	\$3,205,434	\$0	\$0	\$4,204,668
Sales Tax	6,959,814	0	0	0
Payments in Lieu of Taxes	0	0	0	0
Special Assessments	0	0	0	0
Charges for Services	3,073,465	156,517	0	121,612
Licenses and Permits	51,605	0	0	0
Fines and Forfeitures	115,439	106	0	0
Intergovernmental	1,567,731	5,261,579	3,447,959	1,434,521
Interest	201,490	8,495	0	0
Rent	77,423	0	0	0
Other	215,877	0	152,420	226,627
<i>Total Revenues</i>	<u>15,468,278</u>	<u>5,426,697</u>	<u>3,600,379</u>	<u>5,987,428</u>
<b>Expenditures:</b>				
<i>Current:</i>				
<i>General Government:</i>				
Legislative and Executive	4,577,697	0	0	0
Judicial	1,816,262	0	0	0
Public Safety	6,292,858	0	0	0
Public Works	136,299	5,176,966	0	0
Health	128,541	0	0	4,906,339
Human Services	810,922	0	3,501,928	0
Conservation and Recreation	359,875	0	0	0
Community and Economic Development	0	0	0	0
Other	190	0	0	0
Capital Outlay	0	0	0	0
<i>Debt Service:</i>				
Principal Retirement	15,642	12,804	4,962	0
Interest and Fiscal Charges	2,861	0	178	0
<i>Total Expenditures</i>	<u>14,141,147</u>	<u>5,189,770</u>	<u>3,507,068</u>	<u>4,906,339</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,327,131</u>	<u>236,927</u>	<u>93,311</u>	<u>1,081,089</u>
<b>Other Financing Sources (Uses):</b>				
Inception of Capital Lease	50,116	0	0	0
Transfers In	0	0	0	0
Notes Issued	0	0	0	0
Transfers Out	(522,219)	(35,513)	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(472,103)</u>	<u>(35,513)</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	855,028	201,414	93,311	1,081,089
<i>Fund Balances at Beginning of Year</i>	<u>4,214,299</u>	<u>1,225,994</u>	<u>481,665</u>	<u>13,755,455</u>
<i>Fund Balances at End of Year</i>	<u>\$5,069,327</u>	<u>\$1,427,408</u>	<u>\$574,976</u>	<u>\$14,836,544</u>

See accompanying notes to the basic financial statements

**Pickaway County, Ohio**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2014*

All Other Governmental Funds	Total Governmental Funds		
		<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$2,538,242</b>
		<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
		Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period:	
\$50,539	\$7,460,641	Capital Asset Additions	2,713,799
650,505	7,610,319	Depreciation	<u>(1,931,339)</u>
373,115	373,115		
86,871	86,871		
1,231,227	4,582,821		
0	51,605		
183,287	298,832		
3,165,667	14,877,457		
1,330	211,315		
0	77,423		
932,915	1,527,839	Total	782,460
6,675,456	37,158,238	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.	(42,734)
		Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
554,404	5,132,101	Property Taxes	10,064
455,208	2,271,470	Payments in Lieu of Taxes	2,176
833,931	7,126,789	Special Assessments	(59,010)
1,071,986	6,385,251	Intergovernmental Revenue	<u>36,531</u>
134,834	5,169,714		
2,450,748	6,763,598		
0	359,875		
196,328	196,328		
2,732	2,922		
1,120,169	1,120,169		
471,637	505,045		
141,822	144,861	Total	(10,239)
7,433,799	35,178,123	Repayment of principal of long-term liabilities (e.g. bonds, notes, leases) is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	505,045
(758,343)	1,980,115	Other financing sources in the governmental funds that increase long- term liabilities in the statement of net position are not reported as revenues in the statement of activities:	
		Inception of Capital Leases	(60,293)
		Proceeds of Notes Issued	<u>(497,834)</u>
10,177	60,293	Total	(558,127)
557,732	557,732		
497,834	497,834	In the statement of activities, interest is accrued on outstanding bonds, when due. Some expense reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:	(4,725)
0	(557,732)		
1,065,743	558,127	Compensated Absences	<u>(\$252,689)</u>
307,400	2,538,242		
5,035,914	24,713,327		
\$5,343,314	\$27,251,569	<i>Changes in Net Position of Governmental Activities</i>	<u>\$2,957,233</u>

**Pickaway County, Ohio**  
*Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
General Fund  
For the Year Ended December 31, 2014*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Property Taxes	\$3,014,000	\$3,014,000	\$3,205,434	\$191,434
Sales Tax	6,700,000	6,700,000	6,983,425	283,425
Charges for Services	2,230,650	2,230,650	2,605,526	374,876
Licenses and Permits	52,850	52,850	51,605	(1,245)
Fines and Forfeitures	147,840	147,840	143,988	(3,852)
Intergovernmental	1,470,500	1,470,500	1,532,970	62,470
Interest	172,000	172,000	193,436	21,436
Rent	60,000	60,000	77,423	17,423
Other	131,180	131,180	170,071	38,891
<i>Total Revenues</i>	<u>13,979,020</u>	<u>13,979,020</u>	<u>14,963,878</u>	<u>984,858</u>
<b>Expenditures:</b>				
<i>Current:</i>				
<i>General Government:</i>				
Legislative and Executive	4,814,943	4,807,354	4,552,754	254,600
Judicial	1,771,999	1,769,206	1,663,096	106,110
Public Safety	6,154,683	6,144,982	6,133,328	11,654
Public Works	151,130	150,892	134,052	16,840
Health	154,839	154,595	132,895	21,700
Human Services	801,953	800,689	767,090	33,599
Conservation and Recreation	360,443	359,875	359,875	0
Other	5,007	5,000	0	5,000
<i>Total Expenditures</i>	<u>14,214,997</u>	<u>14,192,593</u>	<u>13,743,090</u>	<u>449,503</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(235,977)</u>	<u>(213,573)</u>	<u>1,220,788</u>	<u>1,434,361</u>
<b>Other Financing Sources (Uses):</b>				
Advances In	0	0	191,500	191,500
Advances Out	0	0	(391,485)	(391,485)
Transfers In	2,500	2,500	3,428	928
Transfers Out	(531,289)	(530,452)	(522,219)	8,233
<i>Total Other Financing Sources (Uses)</i>	<u>(528,789)</u>	<u>(527,952)</u>	<u>(718,776)</u>	<u>(190,824)</u>
<i>Net Change in Fund Balance</i>	(764,766)	(741,525)	502,012	1,243,537
<i>Fund Balance at Beginning of Year</i>	<u>2,849,119</u>	<u>2,849,119</u>	<u>2,849,119</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$2,084,353</u>	<u>\$2,107,594</u>	<u>\$3,351,131</u>	<u>\$1,243,537</u>

See accompanying notes to the basic financial statements

**Pickaway County, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget and Actual (Budget Basis)*  
*Auto, License and Gas Tax Fund*  
*For the Year Ended December 31, 2014*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Charges for Services	\$110,000	\$110,000	\$159,172	\$49,172
Fines and Forfeitures	400	400	106	(294)
Intergovernmental	4,726,000	5,149,177	5,136,018	(13,159)
Interest	7,500	7,500	8,495	995
<i>Total Revenues</i>	4,843,900	5,267,077	5,303,791	36,714
<b>Expenditures:</b>				
<i>Current:</i>				
Public Works	4,767,310	5,442,914	5,404,216	38,698
<i>Debt Service:</i>				
Principal Retirements	12,750	12,805	12,804	1
<i>Total Expenditures</i>	4,780,060	5,455,719	5,417,020	38,699
<i>Excess of Revenues Over (Under) Expenditures</i>	63,840	(188,642)	(113,229)	75,413
<b>Other Financing Sources (Uses):</b>				
Transfers Out	(35,458)	(35,611)	(35,513)	98
<i>Total Other Financing Sources (Uses)</i>	(35,458)	(35,611)	(35,513)	98
<i>Net Change in Fund Balance</i>	28,382	(224,253)	(148,742)	75,511
<i>Fund Balance at Beginning of Year</i>	702,842	702,842	702,842	0
<i>Prior Year Encumbrances Appropriated</i>	23,587	23,587	23,587	0
<i>Fund Balance at End of Year</i>	\$754,811	\$502,176	\$577,687	\$75,511

See accompanying notes to the basic financial statements

**Pickaway County, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget and Actual (Budget Basis)*  
*Job and Family Services Fund*  
*For the Year Ended December 31, 2014*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$3,142,388	\$3,442,388	\$3,430,512	(\$11,876)
Other	148,454	148,454	152,420	3,966
<i>Total Revenues</i>	3,290,842	3,590,842	3,582,932	(7,910)
<b>Expenditures:</b>				
<i>Current:</i>				
Human Services	3,290,842	3,606,197	3,510,253	95,944
<i>Total Expenditures</i>	3,290,842	3,606,197	3,510,253	95,944
<i>Excess of Revenues Over (Under) Expenditures</i>	0	(15,355)	72,679	88,034
<i>Fund Balance at Beginning of Year</i>	155,992	155,992	155,992	0
<i>Fund Balance at End of Year</i>	\$155,992	\$140,637	\$228,671	\$88,034

See accompanying notes to the basic financial statements

**Pickaway County, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget and Actual (Budget Basis)*  
*Board of Developmental Disabilities Fund*  
*For the Year Ended December 31, 2014*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Revenues:</b>				
Property Taxes	\$4,117,000	\$4,117,000	\$4,204,668	\$87,668
Charges for Services	120,000	120,000	121,612	1,612
Intergovernmental	1,433,300	1,433,300	1,374,876	(58,424)
Other	41,000	41,000	226,627	185,627
<i>Total Revenues</i>	<u>5,711,300</u>	<u>5,711,300</u>	<u>5,927,783</u>	<u>216,483</u>
<b>Expenditures:</b>				
<i>Current:</i>				
Health	5,771,000	5,971,000	4,941,588	1,029,412
<i>Total Expenditures</i>	<u>5,771,000</u>	<u>5,971,000</u>	<u>4,941,588</u>	<u>1,029,412</u>
<i>Excess of Revenues Over Expenditures</i>	(59,700)	(259,700)	986,195	1,245,895
<i>Fund Balance Beginning of Year</i>	<u>13,946,522</u>	<u>13,946,522</u>	<u>13,946,522</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$13,886,822</u>	<u>\$13,686,822</u>	<u>\$14,932,717</u>	<u>\$1,245,895</u>

See accompanying notes to the basic financial statements

**Pickaway County, Ohio**  
*Statement of Fund Net Position*  
*Proprietary Funds*  
*December 31, 2014*

	Business-Type Activities		
	Countywide Sewer	Other Enterprise Funds	Total
<b>Assets:</b>			
<i>Current Assets:</i>			
Equity in Pooled Cash and Cash Equivalents	\$283,743	\$37,601	\$321,344
Accounts Receivable	68,571	0	68,571
<i>Total Current Assets</i>	<u>352,314</u>	<u>37,601</u>	<u>389,915</u>
<i>Noncurrent Assets:</i>			
Nondepreciable Capital Assets	13,964	0	13,964
Depreciable Capital Assets, Net	3,990,292	1,036,320	5,026,612
<i>Total Noncurrent Assets</i>	<u>4,004,256</u>	<u>1,036,320</u>	<u>5,040,576</u>
<i>Total Assets</i>	<u>4,356,570</u>	<u>1,073,921</u>	<u>5,430,491</u>
<b>Liabilities:</b>			
<i>Current Liabilities:</i>			
Accounts Payable	162	0	162
Accrued Wages and Benefits	5,064	168	5,232
Intergovernmental Payable	200	1,401	1,601
Accrued Interest Payable	0	16	16
Interfund Payable	27,474	19,559	47,033
Notes Payable	0	5,910	5,910
OPWC Loans Payable	28,256	10,628	38,884
OWDA Loans Payable	125,299	0	125,299
<i>Total Current Liabilities</i>	<u>186,455</u>	<u>37,682</u>	<u>224,137</u>
<i>Long-Term Liabilities:</i>			
Notes Payable (net of current portion)	0	65,269	65,269
OPWC Loans Payable	407,025	100,966	507,991
OWDA Loans Payable	2,516,499	0	2,516,499
<i>Total Long-Term Liabilities</i>	<u>2,923,524</u>	<u>166,235</u>	<u>3,089,759</u>
<i>Total Liabilities</i>	<u>3,109,979</u>	<u>203,917</u>	<u>3,313,896</u>
<b>Net Position:</b>			
Net Investment in Capital Assets	927,186	853,547	1,780,733
Unrestricted	319,414	16,457	335,871
<i>Total Net Position</i>	<u>\$1,246,600</u>	<u>\$870,004</u>	<u>\$2,116,604</u>

See accompanying notes to the basic financial statements

**Pickaway County, Ohio**  
*Statement of Revenues,  
Expenses and Changes in Fund Net Position  
Proprietary Funds  
For the Year Ended December 31, 2014*

	Business - Type Activities		
	Countywide Sewer	Other Enterprise Funds	Total
<b>Operating Revenues:</b>			
Charges for Services	\$454,586	\$70,050	\$524,636
Other	8,936	0	8,936
<i>Total Operating Revenues</i>	<u>463,522</u>	<u>70,050</u>	<u>533,572</u>
<b>Operating Expenses:</b>			
Personal Services	76,466	3,421	79,887
Fringe Benefits	12,851	510	13,361
Contractual Services	157,932	35,708	193,640
Materials and Supplies	50,990	1,226	52,216
Depreciation	64,423	20,643	85,066
<i>Total Operating Expenses</i>	<u>362,662</u>	<u>61,508</u>	<u>424,170</u>
<i>Operating Income</i>	<u>100,860</u>	<u>8,542</u>	<u>109,402</u>
<b>Nonoperating Expenses:</b>			
Interest and Fiscal Charges	0	(1,256)	(1,256)
<i>Total Non-Operating Expenses</i>	<u>0</u>	<u>(1,256)</u>	<u>(1,256)</u>
<i>Income (Loss) Before Contributions and Transfers</i>	<u>100,860</u>	<u>7,286</u>	<u>108,146</u>
<i>Special Item</i>	<u>248,711</u>	<u>863,529</u>	<u>1,112,240</u>
<i>Change in Net Position</i>	349,571	870,815	1,220,386
<i>Net Position at Beginning of Year</i>	<u>897,029</u>	<u>(811)</u>	<u>896,218</u>
<i>Net Position at End of Year</i>	<u>\$1,246,600</u>	<u>\$870,004</u>	<u>\$2,116,604</u>

See accompanying notes to the basic financial statements

**Pickaway County, Ohio**  
*Statement of Cash Flows*  
*Proprietary Funds*  
For the Year Ended December 31, 2014

	Business - Type Activities		
	Countywide Sewer	Other Enterprise Funds	Total
<b>Increase (Decrease) in Cash and Cash Equivalents</b>			
<b>Cash Flows from Operating Activities:</b>			
Cash Received from Customers	\$452,404	\$70,050	\$522,454
Cash Received from Other Revenues	8,936	0	8,936
Cash Payments to Employees for Services and Benefits	(89,322)	(3,763)	(93,085)
Cash Payments for Goods and Services	(4,885)	(1,226)	(6,111)
Cash Payments for Contract Services	(213,636)	(35,875)	(249,511)
Cash Payments for Other Expenses	0	(6,676)	(6,676)
<i>Net Cash from Operating Activities</i>	<u>153,497</u>	<u>22,510</u>	<u>176,007</u>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Advances In	25,000	17,000	42,000
<i>Net Cash from Noncapital Financing Activities</i>	<u>25,000</u>	<u>17,000</u>	<u>42,000</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Cash Proceeds Received from OPWC Loans	22,387	191,892	214,279
Principal Paid on Notes and Loans	(186,634)	(9,119)	(195,753)
Interest Paid on Notes	0	(1,240)	(1,240)
Payments for Acquisition of Capital Assets	0	(193,434)	(193,434)
<i>Net Cash from Capital and Related Financing Activities</i>	<u>(164,247)</u>	<u>(11,901)</u>	<u>(176,148)</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	14,250	27,609	41,859
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>269,493</u>	<u>9,992</u>	<u>279,485</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u><u>\$283,743</u></u>	<u><u>\$37,601</u></u>	<u><u>\$321,344</u></u>

See accompanying notes to the basic financial statements.

(Continued)

**Pickaway County, Ohio**  
*Statement of Cash Flows*  
*Proprietary Funds*  
For the Year Ended December 31, 2014  
(continued)

	Business - Type Activities		
	Countywide Sewer	Other Enterprise Funds	Total
<b>Reconciliation of Operating Income to Net Cash from Operating Activities</b>			
Operating Income	\$100,860	\$8,542	\$109,402
<i>Adjustments:</i>			
Depreciation	64,423	20,643	85,066
<i>(Increase) Decrease in Assets:</i>			
Accounts Receivable	(4,152)	0	(4,152)
Interfund Receivable	1,970	0	1,970
<i>Increase (Decrease) in Liabilities:</i>			
Accounts Payable	(8,699)	0	(8,699)
Accrued Wages and Benefits	(5)	168	163
Intergovernmental Payable	(900)	(167)	(1,067)
Interfund Payable	0	(6,676)	(6,676)
<i>Net Cash from Operating Activities</i>	<u>\$153,497</u>	<u>\$22,510</u>	<u>\$176,007</u>
<b>Noncash Activities:</b>			
Donated Water and Sewer Distribution Systems	<u>\$248,711</u>	<u>\$863,529</u>	<u>\$1,112,240</u>

See accompanying notes to the basic financial statements

**Pickaway County, Ohio**  
*Statement of Fiduciary Net Position*  
*Fiduciary Funds*  
*December 31, 2014*

	Private Purpose Trust	Agency
<b>Assets:</b>		
Equity in Pooled Cash and Cash Equivalents	\$1,194	\$3,094,815
Cash and Cash Equivalents in Segregated Accounts	0	866,817
Accounts Receivable	0	18,555
Intergovernmental Receivable	0	3,970,511
Property Taxes Receivable	0	47,072,960
<i>Total Assets</i>	<u>1,194</u>	<u>\$55,023,658</u>
<b>Liabilities:</b>		
Accounts Payable	0	397
Accrued Wages and Benefits	0	46,536
Intergovernmental Payable	0	53,956,389
Compensated Absences Payable	0	19,281
Deposits Held and Due To Others	0	934,498
Undistributed Monies	0	66,557
<i>Total Liabilities</i>	<u>0</u>	<u>\$55,023,658</u>
<b>Net Position:</b>		
Held in Trust for Other Individuals and Organizations	<u>1,194</u>	
<i>Total Net Position</i>	<u>\$1,194</u>	

See accompanying notes to the basic financial statements

**Pickaway County, Ohio**  
*Statement of Changes in Fund Net Position*  
*Fiduciary Fund*  
*For the Year Ended December 31, 2014*

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

See accompanying notes to the basic financial statements

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**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014*

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**NOTE 1 - DESCRIPTION OF PICKAWAY COUNTY AND REPORTING ENTITY**

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

**Reporting Entity**

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

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

**Discretely Presented Component Unit**

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

Pickaway County Airport Authority - Pickaway County Airport Authority (the Authority) operates on a fiscal year ending December 31. The five member Board for the Authority is appointed by the County Commissioners. The Commissioners also review the budget and have the ability to impose its will on the Authority. Pickaway County provides utilities and insurance for the Authority. During 2014, the County made no financial contributions either to or on behalf of the Authority. Financial information is included in the accompanying financial statements.

**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014*

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

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

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

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

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

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

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

**A. Basis of Presentation**

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

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

**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014*

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

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

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

**B. Fund Accounting**

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

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

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

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

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

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

**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014*

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

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

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

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

The Countywide Water Fund accounts for water services provided to individual users in subdivisions of the County. The Sheriff web check fund accounts for criminal background check services completed by the Sheriff's office for area businesses and governments.

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

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

**C. Measurement Focus**

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

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

**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014*

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

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

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

**D. Basis of Accounting**

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

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

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

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

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

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

**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014*

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

**E. Budgetary Process**

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the County Auditor. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts when the original certificate of estimated resources was adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during 2014. The County does not include advances between funds in the certificate of estimated resources.

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

**F. Cash, Cash Equivalents, and Investments**

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

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

During 2014, investments were limited to STAR Ohio, U.S. Government Securities, certificates of deposits, and other interest bearing accounts with local commercial banks.

Investments are reported at fair value, except for nonnegotiable certificates of deposit which are reported at cost. Fair value is based on quoted market prices. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2014.

**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014*

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

Under existing Ohio statutes all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the General Fund during 2014 amounted to \$201,490 which includes \$173,554 assigned from other County funds.

**G. Inventory**

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

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

**H. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2014, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

**I. Capital Assets**

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

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

**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014*

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

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

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

**J. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balance. As of December 31, 2014, there was \$47,033 internal balances reported on the statement of net position.

**K. Compensated Absences**

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

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

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

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

**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014*

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

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

**L. Accrued Liabilities and Long-term Obligations**

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

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

**M. Fund Balance Reserves**

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

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

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

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

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

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

**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014*

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

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

**N. Net Position**

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

**O. Operating Revenues and Expenses**

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

**P. Interfund Transactions**

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

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

**Q. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the County and that are either unusual in nature or infrequent in occurrence. During 2014, the County reported a special item for contributed capital of the transfer of operations and capital assets for utility services from the Village of Orient.

**R. Estimates**

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

**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2014

**NOTE 3 - BUDGETARY BASIS OF ACCOUNTING**

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

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

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

**Net Change in Fund Balances (Deficits) / Excess of Revenues and  
Other Sources Over (Under) Expenditures and Other Uses**

	<b>General</b>	<b>Auto, License and Gas Tax</b>	<b>Job and Family Services</b>	<b>Board of Developmental Disabilities</b>
GAAP Basis	\$855,028	\$201,414	\$93,311	\$1,081,089
<i>Adjustments:</i>				
Net Adjustment for Revenue Accruals	(35,611)	(122,906)	(17,447)	(59,645)
Net Adjustment for Expenditure Accruals	39,095	(227,250)	(3,185)	(35,249)
Net Adjustment for Other Sources (Uses)	(250,101)	0	0	0
<i>Perspective Difference:</i>				
Activity of Funds Reclassified For GAAP Reporting Purposes	(106,399)	0	0	0
<b>Budget Basis</b>	<b>\$502,012</b>	<b>(\$148,742)</b>	<b>\$72,679</b>	<b>\$986,195</b>

**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014*

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**NOTE 4 – NEW GASB PRONOUNCEMENTS**

For the year ended December 31, 2014, the County implemented GASB Statement No. 69, “Government Combinations and Disposals of Government Operations”. GASB Statement No. 69 improves the accounting and reporting of state and local government combinations and disposals of government operations through transactions such as mergers, acquisitions and transfers of operations.

Additionally, the County implemented GASB Statement No. 70, “Accounting and Financial Reporting for Nonexchange Financial Guarantees”. GASB Statement No. 70 improves the recognition, measurement, and disclosures for state and local governments that have extended or received financial guarantees that are nonexchange transactions.

The implementation of GASB Statements No. 69 did have one effect on the financial statements of the County due to the transfer of utility operations from the Village of Orient to the County. The transfer of operation took place during 2014 and is reported as a special item in the County’s financial statements. Additional information is provided in Note 23.

The implementation of GASB Statements No. 70 did not have any effect on the financial statements of the County.

**NOTE 5 - CASH, DEPOSITS AND INVESTMENTS**

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

1. United States treasury notes, bills, bonds or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States, or any book entry, zero-coupon security that is a direct obligation of the United States.
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities.
3. Written repurchase agreements in the securities listed above provide that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to fair value daily, and that the term of the agreement must not exceed thirty days.
4. Bond and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County.
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts.
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investment in securities described in this division are made only through eligible institutions.
7. The State Treasurer’s investment pool (STAROhio).

**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014*

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

8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2) or cash or both securities and cash, equal value for equal value.
9. Up to 25 percent of the County's total average portfolio in either (a) high grade commercial paper when the aggregate value of the notes does not exceed 10 percent of the aggregate value of the outstanding commercial paper of the issuing corporation, and the notes mature no later than 270 days after purchase or (b) bankers acceptances of banks insured by the FDIC when the obligations are eligible for purchase by the Federal Reserve System and mature no later than 180 days after purchase.
10. Up to 15 percent of the County's total average portfolio in high grade notes issued by the U.S. corporations, and the notes mature no later than two years after purchase.
11. High grade debt interests issued by foreign nations diplomatically recognized by the U.S. government. All interest and principal shall be denominated and payable in U.S. Funds. In the aggregate, this investment shall not exceed 1 percent of the County's total average portfolio and shall mature no later than five years after purchase.

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

Public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation (FDIC), or may pledge a pool of government securities valued at least 105% of the total value of public funds on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the County's name. During the year 2014, the County complied with the provisions of these statutes.

**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014*

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

The amounts available for deposit and investment are as follows:

Cash and Cash Equivalents: (carrying amounts)	
- Pooled	\$27,917,020
- Segregated	1,046,912
- Component Unit	246,643
Reconciling items (net) to arrive at bank balances	1,655,122
Total available for deposits and investments (Bank balance of deposit/carrying amount of investments)	\$30,865,697

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

**Deposits**

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

As of December 31, 2014, the carrying amount of all County deposits was \$15,009,623. Based on the criteria described in GASB Statement No. 40, \$16,049,449 of the County's bank balance of \$16,664,745 was exposed to custodial risk as discussed above while \$615,296 was covered by FDIC. The \$16,049,449 exposed to custodial risk was uninsured, and collateral was held by pledging banks trust department but not in the County's name.

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

**Investments**

As of December 31, 2014 the County had the following investments and maturities:

Investment Type	Fair Value	Investment In Maturities in Years		
		Less Than One Year	1-2 Years	3-5 Years
U.S. Government Securities	\$14,200,701	\$749,205	\$1,499,462	\$11,952,034
STAROhio	251	251	0	0
Total Investments	\$14,200,952	\$749,456	\$1,499,462	\$11,952,034

**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014*

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

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

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

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

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

**Component Unit**

*Deposits and Investments*

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

At year end, the carrying amount of the Pickaway County Airport Authority deposits was \$246,643 and the bank balance was \$246,643. The \$246,643 bank balance was covered by federal depository insurance.

**NOTE 6 - INTERFUND TRANSACTIONS**

Interfund balances at December 31, 2014, consist of the following receivables and payables:

	Interfund Receivables	Interfund Payable
	<u>                    </u>	<u>                    </u>
General	\$214,809	\$0
Job and Family Services	76,808	0
Countywide Sewer	0	27,474
Nonmajor Special Revenue Funds	0	244,584
Nonmajor Enterprise Funds	0	19,559
	<u>                    </u>	<u>                    </u>
Totals	<u>\$291,617</u>	<u>\$291,617</u>

**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014*

**NOTE 6 - INTERFUND TRANSACTIONS-** *(Continued)*

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

A summary of interfund transfers for 2014 were as follows:

	Transfers In	Transfers Out
General	\$0	\$522,219
Auto, License and Gas Tax	0	35,513
Nonmajor Other Governmental Funds	557,732	0
Totals	\$557,732	\$557,732

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

**NOTE 7 - RECEIVABLES**

Receivables at December 31, 2014 consisted of property taxes, sales taxes, accounts (billings for user charged services), interest, special assessments and intergovernmental grants. All receivables are considered fully collectible.

A summary of the principal items of intergovernmental receivable follows:

<b>Governmental Activities</b>	
<i>General Fund:</i>	
Local Government Distributions	\$349,143
State Property Tax Reimbursements	176,451
Total General Fund	525,594
<i>Auto, License and Gas Tax Fund:</i>	
Motor Vehicle License Tax	625,630
Gasoline Tax	1,251,260
Total Auto, License and Gas Tax Fund	1,876,890
<i>Job and Family Services Fund:</i>	
State and Federal Funding	366,008

**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014*

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**NOTE 7 - RECEIVABLES** *(Continued)*

<i>Board of Developmental Disabilities Fund:</i>	
State Property Tax Reimbursements	231,354
Grants	66,161
	<hr/>
Total Board of Developmental Disabilities Fund	297,515
<i>Non Major Special Revenue Funds:</i>	
Motor Vehicle Permissive Tax	204,171
Road and Bridge	2,601
Child Support Enforcement Agency	300,117
Youth Services Subsidy Grant	55,458
VOCA Grant	5,266
Crime Victims Assistance	81,052
HUD Grants	12,000
Law Library	4,695
COPS Grant	20,364
Workforce Development	38,728
SPL Grant	5,304
Community Correction Grant	37,595
	<hr/>
Total Nonmajor Special Revenue Funds	767,351
<i>Non Major Capital Projects Fund:</i>	
Capital Improvement	6,334
	<hr/>
<b>Total Intergovernmental Receivable</b>	<b>\$3,839,692</b>
	<hr/> <hr/>

**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014*

**NOTE 8- CAPITAL ASSETS**

A summary of changes in general capital assets during 2014 were as follows:

	Balance January 1, 2014	Additions	Deletions	Balance December 31, 2014
<b>Governmental Activities:</b>				
<i>Nondepreciable Capital Assets:</i>				
Land	\$731,102	\$0	\$0	\$731,102
Total Nondepreciable Capital Assets	731,102	0	0	731,102
<i>Depreciable Capital Assets:</i>				
Buildings	20,944,838	0	0	20,944,838
Improvements Other Than Buildings	1,560,655	106,696	(33,369)	1,633,982
Machinery and Equipment	7,107,790	234,687	(79,460)	7,263,017
Furniture and Fixtures	1,020,090	0	(52,733)	967,357
Vehicles	3,680,808	122,767	(9,999)	3,793,576
Infrastructure	37,776,032	2,249,649	(259,328)	39,766,353
Total Depreciable Capital Assets	72,090,213	2,713,799	(434,889)	74,369,123
<i>Accumulated Depreciation:</i>				
Buildings	(3,724,801)	(141,652)	0	(3,866,453)
Improvements Other Than Buildings	(534,333)	(108,571)	12,931	(629,973)
Machinery and Equipment	(5,302,129)	(293,719)	57,164	(5,538,684)
Furniture and Fixtures	(748,249)	(32,644)	52,733	(728,160)
Vehicles	(2,715,190)	(183,012)	9,999	(2,888,203)
Infrastructure	(19,087,326)	(1,171,741)	259,328	(19,999,739)
Total Accumulated Depreciation	(32,112,028)	(1,931,339)	392,155	(33,651,212)
Total Depreciable Capital Assets, Net	39,978,185	782,460	(42,734)	40,717,911
Governmental Activities Capital Assets, Net	\$40,709,287	\$782,460	(\$42,734)	\$41,449,013

At December 31, 2014, capital assets include \$162,460 of machinery and equipment under capitalized leases.

**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014*

**NOTE 8- CAPITAL ASSETS (Continued)**

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

<b>Governmental Activities</b>	
<i>General Government:</i>	
Legislative and Executive	\$201,672
Judicial	18,085
Public Safety	259,652
Public Works	1,358,638
Health	36,590
Human Services	53,565
Conservation and Recreation	3,137
<b>Governmental Activities Depreciation Expense</b>	<b>\$1,931,339</b>

	<b>Balance January 1, 2014</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance December 31, 2014</b>
<b>Business-Type Activities:</b>				
<i>Nondepreciable Capital Assets:</i>				
Land	\$13,964	\$0	\$0	\$13,964
Total Nondepreciable Capital Assets	13,964	0	0	13,964
<i>Depreciable Capital Assets:</i>				
Plant and Facilities	376,966	425,000	0	801,966
Infrastructure	4,079,658	1,280,000	0	5,359,658
Total Depreciable Capital Assets	4,456,624	1,705,000	0	6,161,624
<i>Accumulated Depreciation:</i>				
Plant and Facilities	(376,966)	(135,750)	0	(512,716)
Infrastructure	(273,654)	(348,642)	0	(622,296)
Total Accumulated Depreciation	(650,620)	(484,392)	0	(1,135,012)
Depreciable Capital Assets, Net	3,806,004	1,220,608	0	5,026,612
<b>Business-Type Activities Capital Assets, Net</b>	<b>\$3,819,968</b>	<b>\$1,220,608</b>	<b>\$0</b>	<b>\$5,040,576</b>

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

**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2014

**NOTE 9 - LONG-TERM OBLIGATIONS**

The County's long-term obligations activity for the year ended December 31, 2014, was as follows:

Purpose	Outstanding January 1, 2014	Additions	Deletions	Outstanding December 31, 2014	Amounts Due Within One Year
<b>Governmental Activities:</b>					
<i>General Obligation Notes Payable:</i>					
TIF Note – Crites Rd/Progress Parkway 2012-2017 1.50%	\$800,000	\$0	\$200,000	600,000	200,000
Engineer's Note – Hydraulic Excavator 2013-2017 3.00%	132,000	0	31,553	100,447	31,553
Engineer's Note – Dump Trucks 2014-2018 2.70%	0	497,834	0	497,834	124,523
<i>General Obligation Bonds Payable:</i>					
Energy Saving Renovation Bonds 2010-2025 3.920%	2,465,615	0	185,000	2,280,615	185,000
OPWC Loan 2009-2029 0%	204,870	0	12,804	192,066	12,804
Clark's Run Ditch Loan 2012-2017 2.50%	141,660	0	34,375	107,285	34,375
Pence Tile Ditch Improvement Loan 2012-2017 2.50%	25,091	0	6,041	19,050	6,041
<i>Special Assessment Bonds with Governmental Commitment:</i>					
Northwood Park Sanitary Sewer Improvement 1999-2019 6.00%	67,000	0	10,000	57,000	10,000
<i>Other Long-Term Obligations:</i>					
Compensated Absences	1,114,223	1,400,250	1,147,561	1,366,912	902,231
Capital Leases	40,560	60,293	25,272	75,581	20,170
<b>Governmental Activities Long-Term Obligations</b>	<b>\$4,991,019</b>	<b>\$1,958,377</b>	<b>\$1,652,606</b>	<b>\$5,296,790</b>	<b>\$1,526,697</b>
<b>Business – Type Activities:</b>					
<i>General Obligation Notes Payable:</i>					
Orient Water Tower 2014-2024 4.00%	\$0	\$74,984	\$3,805	\$71,179	\$5,910
<b>Business-Type Activities Long-Term Obligations</b>	<b>\$0</b>	<b>\$74,984</b>	<b>\$3,805</b>	<b>\$71,179</b>	<b>\$5,910</b>

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

**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014*

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

The Engineer's Note Hydraulic Excavator was issued in 2013 for \$132,000 with a 3.00% interest rate. This note was issued for the purchase of a Hydraulic Excavator. This note will be paid by the Engineer's Note Debt Service Fund.

The Engineer's Note Dump Trucks was issued in 2014 for \$497,834 with a 2.70% interest rate. This note was issued for the purchase of three Dump Trucks with snow plows. This note will be paid by the Engineer's Note Debt Service Fund.

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

The Ohio Public Works Commission (OPWC) Loan is related to the Cromley Road Bridge Replacement Project. The loan will be paid in bi-annual installments of \$6,402, over 20 years. The debt is to be repaid from the Auto, License and Gas Tax Fund. This loan is to be a zero percentage interest rate for the life of the loan. This loan was issued in 2010 for \$256,088.

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

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

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

The compensated absences liability will be paid from the fund from which the employees are paid. The capital leases will be repaid through the General Fund, Job and Family Service Fund and other nonmajor special revenue funds. The amount of principal payments on the capital leases paid in 2014 amounted to \$25,272.

The following is a summary of the County's future principal and interest requirements for governmental long-term obligations, including \$785,158 of interest:

For the Year Ended December 31	Engineer's Note Hydraulic Excavator	Engineer's Note Dump Trucks	TIF - Crites Rd/ Progress Parkway	Clarks Run Ditch Loan	Pence Tile Ditch Improvement Loan
2015	\$35,513	\$131,226	\$208,250	\$37,729	\$6,631
2016	35,513	131,225	205,250	37,729	6,631
2017	35,513	131,226	202,250	37,647	6,630
2018	0	131,225	0	0	0
<b>Totals</b>	<b>\$106,539</b>	<b>\$524,902</b>	<b>\$615,750</b>	<b>\$113,105</b>	<b>\$19,892</b>

**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014*

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

For the Year Ended December 31	Energy Saving Renovation Bonds	OPWC Loan	Northwood Park Sanitary Sewer Improvement Bonds	Totals
2015	\$295,370	\$12,804	\$13,420	\$740,943
2016	298,117	12,805	13,820	\$741,090
2017	295,473	12,804	13,160	\$734,703
2018	290,441	12,805	13,500	\$447,971
2019	284,683	12,804	13,780	\$311,267
2020-2024	1,301,688	64,022	0	\$1,365,710
2025-2029	234,661	64,022	0	\$298,683
Totals	<u>\$3,000,433</u>	<u>\$192,066</u>	<u>\$67,680</u>	<u>\$4,640,367</u>

The following is a summary of the County's future principal and interest requirements for business-type long-term obligations, including \$15,311 of interest:

For the Year Ended December 31,	Orient Water Tower
2015	\$8,649
2016	8,649
2017	8,649
2018	8,649
2019	8,649
2020-2024	<u>43,245</u>
Totals	<u>\$86,490</u>

**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014*

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

In April 2008, Pickaway County signed a guarantee for a \$500,000 loan through the Rural Industrial Park Loan Program offered through the Ohio Department of Development. The loan is the primary responsibility of Pickaway Progress Partnership or P<sup>3</sup>, the area's community improvement corporation. However in the event that P<sup>3</sup> would default on the loan, the Ohio Department of Development would first try to sell the property and building. If a sale does not occur, the loan would then be the responsibility of the Village of Ashville and Pickaway County. The Village of Ashville would be obligated to a maximum of \$20,000 annually and the remainder would be the responsibility of Pickaway County. The loan is for fifteen years with a balance of \$419,571 existing at December 31, 2014. Interest accrues at a rate of 3% plus a service fee of 0.25%.

**NOTE 10 - LOANS PAYABLE**

The County's loan transactions for the year ending December 31, 2014, were as follows:

Purpose	Balance January 1, 2014	Additions	Deletions	Balance December 31, 2014	Amount Due Within One Year
<b>Business - Type Activities:</b>					
<i>OPWC Loans</i>					
Darby Twp. Sewer Improvement, 0%	\$220,000	\$0	\$20,000	\$200,000	\$20,000
Derby Area Sanitary Sewer, 0%	243,536	0	8,255	235,281	8,256
Orient Water Improvement, 0%	0	116,908	5,314	111,594	10,628
<i>OWDA Loans Payable</i>					
Darby Twp. Sewer Improvement, 0%	1,425,415	0	158,379	1,267,036	105,586
Derby Area Sanitary Sewer, 1%	1,352,366	22,387	0	1,374,753	0
<b>Business - Type Activities Loan Payable</b>	<b>\$3,241,317</b>	<b>\$139,295</b>	<b>\$191,948</b>	<b>\$3,188,664</b>	<b>\$144,470</b>

The first Ohio Public Works Commission (OPWC) Loan is related to improvements to the Darby Township Sanitary Sewer System. The loan will be paid in bi-annual installments of \$10,000, over 20 years. The debt is to be repaid by user charges to consumers that use the system. This loan is to be a zero percentage interest rate for the life of the loan. This loan was issued in 2005 for \$400,000.

The second Ohio Public Works Commission (OPWC) Loan is related to the Derby Area Sanitary Sewer Project. The OPWC has granted a loan in the amount of \$400,000 for this project. The loan is to be repaid in bi-annual installments of \$4,128 effective January 1, 2014 over 30 years with the final installment payable on July 1, 2043. The debt is repaid by user charges to consumers that use the system. The County must set rates in an amount that guarantees repayment of the debt.

The third Ohio Public Works Commission (OPWC) Loan is related to the County takeover of the Village of Orient water in 2014. The loan will be paid in bi-annual installments of \$5,314, over 20 years. The debt is to be repaid by user charges to consumers that use the system. This loan is to be a zero percentage interest rate for the life of the loan. This loan was issued in 2006 to the Village of Orient for \$212,560.

**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014*

**NOTE 10 - LOANS PAYABLE**

The first Ohio Water Development Authority (OWDA) Loan is related to improvements to the Darby Township Sanitary Sewer System. The OWDA has granted an original loan amount of \$1,624,478 and a supplementary loan amount of \$487,248, for a maximum loan amount of \$2,111,726 for this project. The loan will be repaid in semi-annual installments of \$52,793 effective July 1, 2007, over 20 years for the original loan amount with the final installment payable on January 1, 2027. The debt is repaid by user charges to consumers that use the system. The County must set rates in an amount that guarantees repayment of the debt.

The second Ohio Water Development Authority (OWDA) Loan is related to the Derby Area Sanitary Sewer. The OWDA has granted a loan in the amount of \$1,352,366 for this project. The loan will be repaid in semi-annual installments of \$26,578 effective July 01, 2015, over 30 years for the original loan amount with the final installment payable on January 1, 2045. The debt is repaid by user charges to consumers that use the system. The County must set rates in an amount that guarantees repayment of the debt.

The effects of the debt limitations at December 31, 2014, were an overall legal debt margin of \$31,155,368 and an unvoted legal debt margin of \$13,668,820.

**NOTE 11 - CAPITALIZED LEASES - LESSEE DISCLOSURE**

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

The following is a schedule of the future minimum lease payments under lease obligations which have been capitalized as of December 31, 2014.

For the Year Ended December 31,	Capital Lease Obligations
2015	\$24,620
2016	21,587
2017	17,635
2018	16,349
2019	6,526
Total Minimum Lease Payments	86,717
Less: Amount Representing Interest	11,136
Present Value of Minimum Lease Payments	\$75,581

**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014*

**NOTE 12 - PROPERTY TAXES**

Property taxes include amounts levied against all real and public utility personal property located in the County. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revalued every six years. The last revaluation was completed in 2011. Real property taxes are payable annually or semiannually. The first payment is due February 15, with the remainder payable by July 18.

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

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

Accrued property taxes receivable represents delinquent taxes outstanding and real and public utility taxes that were measurable and unpaid as of December 31, 2014. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31 and are not intended to finance 2014 operations. The receivable is therefore offset by a credit to deferred revenue.

The full tax rate for all County operations for the year ended December 31, 2014, was \$3 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2014 property tax receipts were based are as follows:

Category	Assessed Value
<i>Real Estate:</i>	
Agriculture	\$360,610,310
Residential	711,724,480
Commercial	93,486,760
Industrial	23,459,270
Minerals	798,300
Public Utilities	22,848,710
<i>Personal Property:</i>	
Public Utilities	153,954,160
Total Assessed Values	\$1,366,881,990

**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014*

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**NOTE 13 - PERMISSIVE SALES TAX**

In 1988, in accordance with Sections 5739.02 and 5741.02 of the Revised Code, the County Commissioners, by resolution, imposed a 1 percent tax on all retail sales, except sales of motor vehicles, made in the County, and on the storage, use, or consumption in the County of tangible personal property, including automobiles. In December 2001, the County Commissioners, by resolution, imposed an additional one-half percent tax on all retail sales, except sales of motor vehicles, made in the County, and on the storage, use, or consumption in the County of tangible personal property, including automobiles. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month. A warrant payable to the County is then drawn within five days. Proceeds of the tax were credited to the General Fund and Capital Project Fund. Amounts that have been collected by the State and are to be received within the available period are accrued as revenue. Sales and use tax revenue for 2014 amounted to \$7,610,319 in the statement of activities.

**NOTE 14 - ACCOUNTABILITY**

The following funds had deficit fund balances as of December 31, 2014:

*Non-major Special Revenue Funds:*

Diversion Program Grant	\$31
VOCA Grant	11,515
GIS Grants	2,313
Hocking CASA Grant	210
Collaborative Projects	134,413

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

**NOTE 15 - RISK MANAGEMENT**

The County is exposed to various risks of loss related to torts, theft or damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During 2014, the County contracted with County Risk Sharing Authority (CORSA), a jointly governed organization, for liability, property, and crime insurance. The CORSA program has a \$2,500 deductible.

**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014*

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**NOTE 15 - RISK MANAGEMENT-** *(Continued)*

Coverages provided by the program are as follows:

Property:

Buildings & Contents (\$100,000 annual aggregate pool limit for flood and earthquake)	\$83,436,872
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Liability:

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

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

The County participates in the Workers' Compensation Program provided by the State of Ohio. During 2014, the County belonged to a pool with 63 other Ohio counties (County Commissioners Association of Ohio) for a workers' compensation group-rating program. The County joined this group plan to achieve lower workers' compensation rates.

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

**NOTE 16 - DEFINED BENEFIT RETIREMENT PLANS**

All non-uniformed full time and part-time County employees participate in the Ohio Public Employee Retirement System.

**A. Ohio Public Employees Retirement System**

- (1) Ohio Public Employees Retirement System (OPERS) administers three separate pension plans as described below:
  - a. The Traditional Pension Plan – a cost sharing, multiple-employer defined benefit pension plan.

**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014*

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

- b. The Member-Directed Plan – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.
  - c. The Combined Plan – a cost sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but not 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.
- (2) OPERS provide retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.
  - (3) Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.
  - (4) OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.
  - (5) The Ohio Revised Code provides statutory authority for member and employer contributions. For 2014, member and employer contributions rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions public safety officers participate in only the Traditional Pension Plan.

For 2014, the member contribution rate was 10.0 percent for members in state and local classifications. Public safety and law enforcement members contributed 12.0 percent and 13.0 percent, respectively.

For 2014, the employer contribution rate for state and local employers was 14.0 percent of earnable salary. The law enforcement and public safety divisions, the employer contribution rate was 18.10 percent of earnable salary.

- (6) The County's required contributions for pension obligations to OPERS for the years ended December 31, 2014, 2013 and 2012 were \$1,769,343, \$1,501,559, and \$1,196,246, respectively; 96.33% has been contributed for 2014, and 100% has been contributed for 2013 and 2012. Of the 2014 amount, \$63,382 was unpaid at December 31, 2014 and is recorded as a liability in the basic financial statements.

**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014*

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

**B. State Teachers Retirement System of Ohio**

The Pickaway County Board of Developmental Disabilities contributes for all certified teachers to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 14 percent for members and 14 percent for employers. STRS Ohio issues a stand-alone financial report. Additional information or copies of STRS Ohio's 2014 Comprehensive Annual Financial Report can be requested by writing to the STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling toll-free 1-888-227-7787, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 9.5% of earned compensation among various investment choices. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members may transfer to a different plan during their fifth year of membership.

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

**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014*

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

**DC Plan Benefits-** Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 9.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. Employer contributions into members' accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

**Combined Plan Benefits-** For members who select the Combined Plan. 10% of the 11% member contribution rate is deposited into the member's defined contribution account and the remaining amount is applied to the DB Plan. Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member's defined benefit is determined by multiplying 1% of the member's final average salary by the member's years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

Eligible faculty of Ohio's public colleges and universities may choose to enroll in either STRS Ohio or an alternative retirement plan (ARP) offered by their employer. Employees have 120 days from their employment date to select a retirement plan.

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

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

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

Plan members are required to contribute 11% of their annual covered salary and the County is required to contribute 14% was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 11% for members and 14% for employers. The County's contributions for pension obligations to STRS for the fiscal years ended December 31, 2014, 2013, and 2012 were \$9,838, \$9,873, and \$10,403, respectively. These contributions were equal to the required contributions for each of these years.

## **NOTE 17 - POSTEMPLOYMENT BENEFITS**

### **A. Ohio Public Employees Retirement System**

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

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

In order to qualify for post-employment health care coverage, age-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 are available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement No. 45.

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2014, state and local employer contributed at a rate of 14.00 percent of earnable salary and public safety and law enforcement employers contributed at 18.10 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active members do not fund contributions to OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan and combined plan was 2.0 percent during the calendar year of 2014. Effective January 2015, the portion of employer contributions allocated to healthcare remains at 2 percent for both plans, as recommended by the OPERS Actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree, or their surviving beneficiaries, to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014*

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**NOTE 17 - POSTEMPLOYMENT BENEFITS** *(Continued)*

The County's required contributions that were allocated to fund postemployment benefits with OPERS for the years ended December 31, 2014, 2013 and 2012 were \$132,014, \$115,505, and \$478,499, respectively.

Changes to the Health Care preservation Plan (HCPP) were adopted by the OPERS Board of Trustees on September 9, 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.

**B. State Teachers Retirement System**

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

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

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

STRS Ohio issues a stand-alone financial report. Interested parties can view the most recent *Comprehensive Annual Financial Report* by visiting the STRS Ohio web site at [www.strsoh.org](http://www.strsoh.org), or by requesting a copy by calling (888) 227-7877.

**Funding Policy** – Under Ohio law, funding for postemployment health care may be deducted from employer contributions. Of the 14% employer contribution rate, 1% of covered payroll was allocated to postemployment health care for the years ended June 30, 2014, 2013 and 2012. Effective July 1, 2014, 0% of covered payroll was allocated to post-employment health care. The 14% employer contribution rate is the maximum rate established under Ohio law.

The County's contributions allocated to fund postemployment health care benefits with STRS Ohio for the years ended December 31, 2014, 2013, 2012 were \$757, \$759, and \$800, respectively; 100% has been contributed for each of the three years.

**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2014

**NOTE 18 – FUND CASH BALANCES**

As of December 31, 2014 fund balances are composed of the following:

	<u>General</u>	<u>Auto License &amp; Gas Tax</u>	<u>Job and Family Services</u>	<u>Board of Developmental Disabilites</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<i>Nonspendable:</i>						
Prepaid Items	\$28,640	\$0	\$24,272	\$14,106	\$12,252	\$79,270
Loan Receivable	0	0	0	0	437,662	437,662
Materials & Supplies	42,802	361,831	6,150	0	0	410,783
Unclaimed Monies	30,046	0	0	0	0	30,046
Total Nonspendable	<u>101,488</u>	<u>361,831</u>	<u>30,422</u>	<u>14,106</u>	<u>449,914</u>	<u>957,761</u>
<i>Restricted:</i>						
Legislative & Executive	0	0	0	0	542,216	542,216
Judicial	0	0	0	0	311,669	311,669
Public Safety	0	0	0	0	763,026	763,026
Public Works	0	1,065,577	0	0	474,372	1,539,949
Health	0	0	0	14,822,438	52,929	14,875,367
Human Services	0	0	544,554	0	1,092,503	1,637,057
Economic Development	0	0	0	0	345,745	345,745
Debt Service	0	0	0	0	60,514	60,514
Total Restricted	<u>0</u>	<u>1,065,577</u>	<u>544,554</u>	<u>14,822,438</u>	<u>3,642,974</u>	<u>20,075,543</u>
<i>Committed:</i>						
Special Children Services	0	0	0	0	338,175	338,175
Tax Lien Sales	0	0	0	0	25,487	25,487
Capital Projects	0	0	0	0	1,020,997	1,020,997
Total Committed	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,384,659</u>	<u>1,384,659</u>
<i>Assigned:</i>						
Energy Bond	0	0	0	0	379	379
Greenbriar Ditch	0	0	0	0	13,334	13,334
Pence Title Main Ditch	0	0	0	0	536	536
Total Assigned	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>14,249</u>	<u>14,249</u>
<i>Unassigned</i>	<u>4,967,839</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(148,482)</u>	<u>4,819,357</u>
Total Fund Balances	<u>\$5,069,327</u>	<u>\$1,427,408</u>	<u>\$574,976</u>	<u>\$14,836,544</u>	<u>\$5,343,314</u>	<u>\$27,251,569</u>

**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014*

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**NOTE 19 - ADDITIONAL DISCLOSURE FOR DISCRETELY PRESENTED COMPONENT UNIT**

**A. Measurement Focus and Basis of Accounting**

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

**B. Budgetary Basis of Accounting**

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

**C. Capital Assets**

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

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

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

**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2014

**NOTE 19 - ADDITIONAL DISCLOSURE FOR DISCRETELY PRESENTED COMPONENT UNIT**

*(Continued)*

A summary of changes in capital assets for the Pickaway County Airport during 2014 were as follows:

	<b>Balance January 1, 2014</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance December 31, 2014</b>
<i>Non-Depreciable Capital Assets:</i>				
Land	\$218,036	\$0	\$0	\$218,036
Total Non-Depreciable Capital Assets	218,036	0	0	218,036
<i>Depreciable Capital Assets:</i>				
Buildings and Improvements	1,041,748	0	0	1,041,748
Infrastructure	997,242	0	0	997,242
Total Depreciable Capital Assets	2,038,990	0	0	2,038,990
<i>Accumulated Depreciation:</i>				
Buildings	(348,763)	(33,159)	0	(381,922)
Infrastructure	(92,481)	(11,189)	0	(103,670)
Total Accumulated Depreciation	(441,244)	(44,348)	0	(485,592)
Depreciable Capital Assets, Net	1,597,746	(44,348)	0	1,553,398
<b>Capital Assets, Net</b>	<b>\$1,815,782</b>	<b>(\$44,348)</b>	<b>\$0</b>	<b>\$1,771,434</b>

**NOTE 20 - JOINTLY GOVERNED ORGANIZATIONS**

**A. Berger Hospital**

Berger Hospital is a jointly governed organization that provides diversified health care services to the community. The hospital is governed by a 9 member board: Pickaway County Commissioners appoint 4 members of the board, the City of Circleville appoints 4 members of the board and the final board member is the City of Circleville's Mayor. The Mayor is the President of the Board but does not have voting privileges unless there is a tie. The City of Circleville holds legal title to the Hospital. The degree of control exercised by the County is limited to its representation on the Board. Pickaway County does not have an ongoing financial interest in or an ongoing financial responsibility for the Hospital. During 2014, the County did not make any contributions to the Hospital. Complete financial statements can be obtained from the Berger Hospital, 600 N. Pickaway, Circleville, Ohio, 43113.

**B. Paint Valley Mental Health Alcohol and Drug Addiction Board**

The Paint Valley Mental Health Alcohol and Drug Addiction Board serves Pike, Fayette, Highland, Pickaway and Ross Counties and is a jointly governed organization that is responsible for developing, coordinating, modernizing, funding, monitoring and evaluating a community-based mental health and substance abuse program. The Board consists of eighteen members. The Director of the Ohio Department of Mental Health appoints four members and the Director of the Ohio Department of Alcohol and Drug Addiction Services appoints four members. The remaining members are appointed by the County Commissioners of Pike, Fayette, Highland, Pickaway, and Ross Counties in the same proportion as each County's population bears to the total population of the five counties combined. The Board receives revenue from the participating counties and receives federal and state funding through grant monies that are applied for and received by the Board of Trustees. Pickaway County cannot significantly influence operations of the Board, who has sole budgetary authority and controls surpluses and deficits. Pickaway County has no ongoing financial interest or responsibility. During 2014, Pickaway County did not make any contributions to the program.

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

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

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

**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014*

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**NOTE 20 - JOINTLY GOVERNED ORGANIZATIONS** *(Continued)*

**D. County Risk Sharing Authority (CORSA)**

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

Each member County has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the Corporation are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the board of trustees. CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payment of the certificates. The County does not have an equity interest in CORSA. The County's payment for insurance to CORSA in 2014 was \$248,326.

**E. Southern Ohio Council of Governments**

The County is a member of the Southern Ohio Council of Governments, which is a jointly governed organization created under the Ohio Revised Code Section 167.01. The governing body consists of a thirteen member board with each participating County represented by its Director of its Board of Developmental Disabilities. Member counties include: Adams, Athens, Brown, Fayette, Gallia, Highland, Jackson, Lawrence, Pickaway, Pike, Ross, Scioto and Vinton Counties. During 2014, the County contributed \$36,883 to this organization. Financial statements can be obtained from the Southern Ohio Council of Governments, 43 N. Paint St., Chillicothe, Ohio, 45601.

**NOTE 21 - RELATED ORGANIZATIONS**

**A. Pickaway County Park District**

The County's probate judge is responsible for appointing the members of the board of the Pickaway County Park District. The County is the fiscal agent for the Park District; therefore, the activities of the Park District are reflected as an agency fund of the County.

**B. Pickaway County District Public Library**

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

**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014*

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**NOTE 22 - 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 23 – TRANSFER OF OPERATIONS**

During 2014, the Village of Orient transferred water and sewer operations to the County. In the transfer of operations the County received a water tower, booster station, lift station, grinder station and various water and sewer lines having a carrying value of \$1,305,674. The County will also assume \$74,984 in General Obligation Notes Payable for the Orient Water Tower and \$116,908 in OPWC Loans Payable for Orient Water Improvements. There are no deferred outflows of resources or deferred inflows of resources associated with the water and sewer operations.

PICKAWAY COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2014

Federal Grantor / Pass through Grantor / Program Title	Pass-Through Entity Number	Federal CFDA Number	Expenditures
<b><u>U.S. Department of Agriculture</u></b>			
<i>Passed through Ohio Department of Education:</i>			
<i>Child Nutrition Cluster:</i>			
National School Breakfast Program	2013/2014	10.553	\$ 1,930
National School Lunch Program	2013/2014	10.555	3,209
Total - Child Nutrition Cluster			5,139
<i>Food and Nutrition Services:</i>			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	G-1415-11-5413	10.561	221,448
<b>Total U.S. Department of Agriculture</b>			<b>226,587</b>
<b><u>U.S. Department of Housing and Urban Development</u></b>			
<i>Passed through the State of Ohio - Development Services Agency:</i>			
Community Development Block Grant	B-F-12-1CH-1	14.228	11,113
Community Development Block Grant	B-F-13-1CH-1	14.228	134,000
Total Community Development Block Grant			145,113
HOME Investment Partnership Program	B-C-11-1CH-2	14.239	76,149
<b>Total U.S. Department of Housing and Urban Development</b>			<b>221,262</b>
<b><u>U.S. Department of Justice</u></b>			
DOJ Equitable Sharing	None	16.922	2,078
<i>Passed through Ohio Attorney General:</i>			
Crime Victim Assistance	2015-VOCA-10211937	16.575	26,072
Crime Victim Assistance	2015-SVAA-10211990	16.575	1,830
Crime Victim Assistance	2014-VAGENE-095	16.575	69,560
Crime Victim Assistance	2014-SAGENE-095	16.575	6,075
Total - Crime Victim Assistance			103,537
<b>Total U.S. Department of Justice</b>			<b>105,615</b>
<b><u>U.S. Department of Homeland Security</u></b>			
<i>Passed through Ohio Department of Public Safety Emergency Management Agency:</i>			
Emergency Management Performance Grant	EMW-2013-EP-00060-S01	97.042	35,609
Emergency Management Performance Grant	EMW-2014-EP-00060-S01	97.042	8,539
Total - Emergency Management Performance			44,148
<b>Total U.S. Department of Homeland Security</b>			<b>44,148</b>
<b><u>U.S. Department of Education</u></b>			
<i>Passed through Ohio Department of Education:</i>			
<i>Special Education:</i>			
Special Education Grants to States	066191-6BSF-2013/2014	84.027	12,271
Special Education Grants to States	066191-6BSF-2014/2015	84.027	7,390
Total - Special Education			19,661
<b>Total U.S. Department of Education</b>			<b>19,661</b>

PICKAWAY COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Continued)

Federal Grantor / Pass through Grantor / Program Title	Pass-Through Entity Number	Federal CFDA Number	Expenditures
<b>U.S. Department of Health and Human Services</b>			
<i>Passed through Ohio Department of Job &amp; Family Services:</i>			
Promoting Safe and Stable Families - ESSA Preservation	G-1415-11-5413	93.556	326
Promoting Safe and Stable Families - ESSA Reunification	G-1415-11-5413	93.556	13,287
Promoting Safe and Stable Families - Post Adoption	G-1415-11-5413	93.556	15,603
Total - Promoting Safe and Stable Families			<u>29,216</u>
Child Abuse Prevention Grant	G-1415-11-5413	93.590	943
Foster Care - IV-E Admin and Training Payment	G-1415-11-5413	93.658	72,039
Foster Care - IV-E Foster Care Maintenance	G-1415-11-5413	93.658	281,223
Total - Foster Care Title IV-E			<u>353,262</u>
Adoption Assistance - IV-E Admin and Training Payment	G-1415-11-5413	93.659	63,865
Adoption Assistance - Non-Recurring Adoption	G-1415-11-5413	93.659	500
Total - Adoption Assistance			<u>64,365</u>
Chaffee Foster Care Independence Program	G-1415-11-5413	93.674	370
Temporary Assistance for Needy Families - TANF Administration	G-1415-11-5413	93.558	448,452
Temporary Assistance for Needy Families - TANF Regular (Program)	G-1415-11-5413	93.558	645,295
Temporary Assistance for Needy Families - TANF Summer Youth	G-1415-11-5413	93.558	186,036
Temporary Assistance for Needy Families (TANF)			<u>1,279,783</u>
Child Care Development Block Grant - Child Care Non-Admin	G-1415-11-5413	93.575	10,759
Child Care Development Block Grant - Child Care Administration	G-1415-11-5413	93.575	41,925
Child Care Development Block Grant			<u>52,684</u>
Social Service Block Grant - Title XX Base	G-1415-11-5413	93.667	147,833
Social Service Block Grant - Title XX Transfer	G-1415-11-5413	93.667	173,120
Social Service Block Grant			<u>320,953</u>
Child Support Enforcement - Child Support Incentives	G-1415-11-5413	93.563	496,381
Child Support Enforcement - Federal Child Support	G-1415-11-5413	93.563	76,273
Child Support Enforcement			<u>572,654</u>
Medical Assistance Program - Medicaid NET	G-1415-11-5413	93.778	64,823
Medical Assistance Program - Medicaid Enhanced	G-1415-11-5413	93.778	198,402
Medical Assistance Program - Medicaid	G-1415-11-5413	93.778	119,001
Medical Assistance Program			<u>382,226</u>
<i>Passed through Ohio Secretary of State:</i>			
Voting Access for Individuals with Disabilities - Grants to States	06-SOS-HHS-65	93.617	3,775
<i>Passed through Ohio Department of Developmental Disabilities:</i>			
Social Services Block Grant	31-6400-083	93.667	31,047
<b>Total U.S. Department of Health and Human Services</b>			<u><u>3,092,844</u></u>
<b>U.S. Department of Elections Assistance Commission</b>			
<i>Passed through Ohio Secretary of State:</i>			
Help America Vote Act Requirements Payments	06-SOS-HHS-65	90.401	1,566
<b>Total U.S. Department of Elections Assistance Commission</b>			<u><u>1,566</u></u>

PICKAWAY COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Continued)

Federal Grantor / Pass through Grantor / Program Title	Pass-Through Entity Number	Federal CFDA Number	Expenditures
<b><u>U.S. Department of Transportation</u></b>			
<i>Received Directly from Federal Agency</i>			
Airport Improvement Grant	none	20.106	<u>60,055</u>
<i>Passed through Ohio Department of Public Safety:</i>			
<i>Highway Safety</i>			
State and Community highway Safety	STEP-2015-65	20.600	3,634
State and Community highway Safety	IDEP-2015-65	20.600	4,580
State and Community Highway Safety	HVEO-2014-65	20.600	19,078
Safe Communities Grant	SC-2015-65	20.600	5,421
Safe Communities Grant	SC-2014-65	20.600	<u>25,043</u>
Total - Highway Safety			<u>57,756</u>
<i>Passed through Ohio Department of Transportation:</i>			
Highway Planning and Construction - PID#91537	none	20.205	20,842
Highway Planning and Construction - PID#92302	none	20.205	<u>38,559</u>
Total - Highway Planning and Construction			<u>59,401</u>
<b>Total U.S. Department of Transportation</b>			<u>177,212</u>
<b><u>U.S. Department of Labor</u></b>			
<i>Passed through the Area 20/21 Workforce Investment Board:</i>			
Workforce Investment Act (WIA) Cluster			
Work Investment Act-OMJ Branding	G-1415-11-5413	17.258	7,597
Work Investment Act-State Special Projects	G-1415-11-5413	17.258	393
Work Investment Act-Adult	G-1415-11-5413	17.258	<u>62,165</u>
Total - Work Investment Act Adult Program			70,155
Admin - Work Investment Act-Youth	G-1415-11-5413	17.259	1,287
Work Investment Act-Youth	G-1415-11-5413	17.259	<u>95,381</u>
Total - Work Investment Act Youth Program			96,668
Admin - Work Investment Act-Dislocated Worker	G-1415-11-5413	17.278	6,317
Work Investment Act-Dislocated Worker	G-1415-11-5413	17.278	<u>61,508</u>
Total - Work Investment Act Dislocated Workers Program			<u>67,825</u>
Total - Workforce Investment Act Cluster			<u>234,648</u>
<b>Total U.S. Department of Labor</b>			<u>234,648</u>
<b>Total Federal Awards Expenditures</b>			<u>\$ 4,121,977</u>

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

**PICKAWAY COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FISCAL YEAR ENDED DECEMBER 31, 2014**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - SUBRECIPIENTS**

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

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

**NOTE C - CHILD NUTRITION CLUSTER**

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

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

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

These loans are collateralized by liens on the property.

Activity in the Community Development Block Grant (CDBG) revolving loan fund during 2014 is as follows:

Beginning loans receivable balance as of January 1, 2014	\$ 476,821
Loans made	\$ 0
Loan principal repaid (or forgiven)	\$ 39,159
Ending loans receivable balance as of December 31, 2014	\$ 437,662
Cash balance on hand in the revolving loan fund as of December 31, 2014	\$90,727
Administrative costs expended during 2014	0

**PICKAWAY COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FISCAL YEAR ENDED DECEMBER 31, 2014  
(Continued)**

**NOTE E - MATCHING REQUIREMENTS**

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

**NOTE F – PRIOR YEAR PROJECTS ON SCHEDULE**

The Schedule includes two projects that were omitted from the 2013 Schedule of Federal Awards for CFDA 20.205. These two projects were paid on behalf of the county and the projects are complete as of the end of 2014. There were no other projects for 2014 to be included on the Schedule for this grant.

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# 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*

Pickaway County  
207 South Court Street  
Circleville, Ohio 43113

To the County Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of Pickaway County, (the County) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated October 19, 2015, wherein noted the County adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 69, *Government Combinations and Disposals of Government Operation*.

### ***Internal Control Over Financial Reporting***

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

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. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a significant deficiency in internal control. We consider finding 2014-001 to be a significant deficiency.

***Compliance and Other Matters***

As part of reasonably assuring whether the Entity'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*.

***County's Response to Findings***

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

***Purpose of this Report***

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



**Dave Yost**  
Auditor of State  
Columbus, Ohio

October 19, 2015



# Dave Yost • Auditor of State

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

Pickaway County  
207 S. Court Street  
Circleville, Ohio 43113

To the County Commissioners:

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

We have audited Pickaway County'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 Pickaway County's major federal programs for the year ended December 31, 2014. 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.

### ***Basis for Qualified Opinion on Temporary Assistance for Needy Families***

As described in finding 2014-002 in the accompanying schedule of findings, the County did not comply with requirements regarding eligibility, applicable to its *Temporary Assistance for Needy Families* major federal program. Compliance with this requirement is necessary, in our opinion, for the County to comply with requirements applicable to this program.

***Qualified Opinion on Temporary Assistance for Needy Families***

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Temporary Assistance for Needy Families* paragraph, Pickaway County, Ohio, complied, in all material respects, with the requirements referred to above that could directly and materially affect its *Temporary Assistance for Needy Families* for the year ended December 31, 2014.

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

In our opinion, Pickaway County, Ohio, complied in all material respects with the requirements referred to above that could directly and materially affect each of its other major federal programs identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings for the year ended December 31, 2014.

***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.

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program's compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency or a combination of deficiencies in internal control over compliance with a federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2014-002 to be a material weakness.

The County's response to our internal control over compliance finding is described in the accompanying corrective action plan. We did not audit the County's response and, accordingly, we express no opinion on it.

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

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

Dave Yost  
Auditor of State  
Columbus, Ohio

October 19, 2015

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**PICKAWAY COUNTY**  
**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A -133 § .505**  
**DECEMBER 31, 2014**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Qualified for CFDA # 93.558 Temporary Assistance for Needy Families (TANF) Eligibility requirements.  Unqualified for remaining major federal programs.
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510(a)?</b>	Yes
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	CFDA # 93.558 Temporary Assistance for Needy Families (TANF)  CFDA# 14.228 Community Development Block Grant (CDBG)  CFDA# 93.658 Foster Care  CFDA# 93.778 Medicaid
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

**PICKAWAY COUNTY**  
**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A -133 § .505**  
**DECEMBER 31, 2014**  
**(Continued)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2014-001**

**1. Cash Reconciliation - Significant Deficiency**

The Treasurer's office maintains the bank accounts and investments for the County, which totaled approximately \$28.9 million in 2014. The Treasurer's office performs monthly reconciliations for the County; however, unidentified reconciling items in the December 31, 2014 reconciliation between the bank to book totaled \$49,354 (bank balance is greater than book balance). Of this amount, \$45,820 has been carried on the County's records since 2010. Bank reconciliations are prepared by the County Treasurer and a copy of the reconciliation is provided to the County Auditor to include in the monthly financial report to the Commissioners.

Strong monitoring practices of County financial activities are the responsibility of management and are essential to help ensure proper financial reporting. A reconciliation should be performed daily (as noted below) and reconciling items should be identified and adjusted at the time the reconciling item or error is discovered. Reconciliations should include all bank accounts and book balances. Additionally, management should review the bank to book reconciliation, as well as, the reconciliation between the Auditor and Treasurer and their respective account balances. Evidence of these reviews by someone independent of the reconciliation process should be documented.

When designing internal controls, including monitoring controls, Ohio Admin. Code Section 117-2-01(D) suggests, in part, specific control activities that management should consider.

- (1) Ensure that all transactions are properly authorized in accordance with management's policies.
- (2) Ensure that accounting records are properly designed.
- (3) Ensure adequate security of assets and records.
- (4) Plan for adequate segregation of duties or compensating control
- (5) Verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

We recommend the County Treasurer and Auditor reconcile all bank and book balances on a daily basis. In this process, all reconciling items and/or errors should be identified and reviewed by someone independent of the reconciliation process to help ensure timely follow-up and corrective action. We recommend unidentified reconciling items be investigated to resolve bank to book differences. We also recommend the County consider additional training for staff assigned to complete reconciliations, as needed.

**PICKAWAY COUNTY**  
**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A -133 § .505**  
**DECEMBER 31, 2014**  
**(Continued)**

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

**FINDING NUMBER 2014-001 (Continued)**

**1. Cash Reconciliation - Significant Deficiency (Continued)**

**Officials' Response:**

The Treasurer retained the services of the Local Government Services (LGS) division of the Auditor of State of Ohio's Office to assist in researching and resolving some reconciliation issues from 2010 and forward. After extensive research on their part, there were four issues that would need to be adjusted to clear out those items found to be unidentified and nonreconcilable. To resolve the findings of the LGS audit, the Treasurer will revisit the four issues and present adjusting entries to the County Auditor. The overall adjustments will result in an increase in revenue of the County's general fund of \$ 47,880.25. (Response provided by County Treasurer.)

**3. FINDINGS FOR FEDERAL AWARDS**

**1. TANF Eligibility – Non-compliance and Material Weakness**

<b>Finding Number</b>	2014-002
<b>CFDA Title and Number</b>	#93.558 Temporary Assistance of Needy Families
<b>Federal Award Number / Year</b>	2014
<b>Federal Agency</b>	U.S. Department of Health and Human Services
<b>Pass-Through Agency</b>	Ohio Department of Job and Family Services

**OMB Circular A-133 Subpart C Section .300(b)** requires the auditee to maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Additionally, **45 CFR 260.20** outlines the following purposes of the Temporary Assistance for Needy Families (TANF) program:

- To provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives.
- To end the dependence of needy parents on government benefits by promoting job preparation, work, and marriage.
- To prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies.
- To encourage the formation and maintenance of two-parent families.

**PICKAWAY COUNTY**  
**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A -133 § .505**  
**DECEMBER 31, 2014**  
**(Continued)**

**3. FINDINGS FOR FEDERAL AWARDS (Continued)**

**1. TANF Eligibility – Non-compliance and Material Weakness (Continued)**

The Pickaway County Job and Family Services (JFS) provides a program for eligible needy families in order to obtain financial assistance to help them become self-sufficient or to overcome barriers keeping the families from being self-sufficient called the Prevention, Retention, and Contingency (PRC) program. The PRC provides non-recurring, short term support to needy and low income families in Pickaway County. The support, which can lead to a family becoming self-sufficient is directly related to one of the four purposes of the TANF program as defined in **45 CFR 260.20**.

To be eligible to receive PRC assistance, individuals must meet the eligibility requirements as stated in the County's PRC plan. The County JFS Income Maintenance Managers and/or JFS Director are responsible for reviewing and signing off on the PRC applications (with the exception of PRC gas card applications) completed by the individual and caseworker to verify all appropriate eligibility verifications have been completed and the individual was appropriately deemed eligible. For PRC gas card applications only the caseworker is required to review and sign the application. One out of the nine PRC gas card applications did not have an approving signature by the caseworker. One out of nine PRC gas card applications also did not have a verification form completed by the individual signifying they received these benefits.

While the County JFS has a control in place to help facilitate compliance with PRC eligibility, the County JFS should determine the control is functioning as intended to help decrease the likelihood of non-compliance with eligibility requirements and individuals receiving assistance that is not eligible.

Based on prior year audit results, the County implemented new control procedures in September 2014 to help improve its assurance that controls were in place and operating effectively. However, the errors identified above occurred prior to the implementation of the new procedure and were not corrected prior to audit.

**Officials' Response**

Modifications were made to controls in September 2014 to correct this issue going forward.

**PICKAWAY COUNTY**  
**CORRECTIVE ACTION PLAN**  
**OMB CIRCULAR A -133 § .315 (c)**  
**DECEMBER 31, 2014**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2014-002	A checklist will be completed by the managers to verify eligibility for the PRC before approving.	September 2014	Joy Ewing

PICKAWAY COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
 OMB CIRCULAR A -133 § .315 (b)  
 DECEMBER 31, 2014

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2013-001	Financial Statement Report	No	Partially Corrected – Re-issued as a Management Letter Comment
2013-002	<b>Ohio Admin. Code Section 117-2-01 (D)</b> Cash Reconciliation	No	Not Corrected; Re-issued as 2014-001
2013-003	<b>45 CFR 260.20</b> - TANF Eligibility	No	Not Corrected; Re-issued as 2014-002
2013-004	<b>24 CFR 85.21 (c)</b> - CDBG Cash Management 15 Day Rule	Yes	Fully Corrected.
2013-005	<b>OMB Circular A-133 Subpart C, Section .310(B)(1)-(3)</b> - Federal Schedule Adjustments	Yes	Fully Corrected
2013-006	<b>24 CFR 135.90</b> - Late Filing of Performance Report - CDBG	Yes	Fully Corrected



# Dave Yost • Auditor of State

## PICKAWAY COUNTY FINANCIAL CONDITION

### PICKAWAY COUNTY

#### CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
DECEMBER 22, 2015