



Dave Yost • Auditor of State

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Honorable Board of County Commissioners
Honorable County Auditor
Honorable County Treasurer
Champaign County
1512 South U.S. Highway 68, Suite B300
Urbana, Ohio 43078

To the Board of County Commissioners, County Auditor, and County Treasurer:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for 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 cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Champaign County, Ohio, as of December 31, 2012, and the respective changes in cash financial position and the respective budgetary comparison for the General, Job and Family Services, Motor Vehicle License Gas Tax, Lawnview 169 Board, and Children's Services Funds thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

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

Other Matters

Supplemental and Other Information

We audited to opine on the County's financial statements that collectively comprise its basic financial statements.

Management's Discussion & Analysis includes tables of net position, changes in net position, and governmental activities. This information provides additional analysis and is not a required part of the basic financial statements.

The Federal Awards Expenditures Schedule also 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.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2013, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State

Columbus, Ohio

December 4, 2013

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**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

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

The discussion and analysis of Champaign County's financial performance provides an overview of the County's financial activities for the year ended December 31, 2012, within the limitations of cash basis accounting. The intent of this discussion and analysis is to look at the County's financial performance as a whole.

Using this Annual Report

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

The County has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing receipts, disbursements, and the related assets and liabilities. Under the County's cash basis of accounting, receipts and disbursements and the related assets and liabilities are recorded when they result in cash transactions.

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

The statement of net position and the statement of activities provide information about the cash activities of the whole County.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the County's most significant funds, with all other non-major funds presented in total in a single column. The County's major funds are the General, Job and Family Services, Motor Vehicle License Gas Tax, Lawnview 169 Board, and Children's Services funds.

Reporting the County as a Whole

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

These statements report the County's cash position and the changes in cash position. Factors which contribute to these changes may also include the County's property tax base and other factors.

In the statement of net position and the statement of activities, all of the County activities are presented as governmental activities. All of the County's programs and services are reported here including general government, public safety, public works, health, human services, conservation and recreation, economic development and assistance, capital outlay, and debt service. These services are funded primarily by taxes and intergovernmental receipts, including federal and state grants and other shared receipts.

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

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

Reporting the County's Most Significant Funds

Fund financial statements provide detailed information about the County's major funds, the General, Job and Family Services, Motor Vehicle License Gas Tax, Lawnview 169 Board, and Children's Services funds. While the County uses many funds to account for its financial transactions, these are the most significant.

Governmental Funds - All of the County's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at year end for spending in future periods. These funds are reported using the cash basis of accounting. The governmental fund financial statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance the County's programs.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the County's programs.

Government-Wide Financial Analysis

Table 1 provides a summary of the County's net position for 2012 and 2011.

Table 1 Governmental Activities Net Position			
	2012	2011	Change
Assets:			
Current and Other Assets	\$12,717,648	\$12,404,390	\$313,258
Net Position:			
Restricted	9,586,206	10,439,256	(853,050)
Unrestricted	3,131,442	1,965,134	1,166,308
Total Net Position	\$12,717,648	\$12,404,390	\$ 313,258

The 2.5 percent change in net position from the prior year was not significant.

Table 2 reflects the change in net position for 2012 and 2011.

Table 2 Governmental Activities Change in Net Position			
	2012	2011	Change
Receipts:			
Program Receipts:			
Charges for Services	\$ 3,586,890	\$ 4,187,013	(\$ 600,123)
Operating Grants, Contributions, and Interest	9,966,286	11,266,211	(1,299,925)
Capital Grants	610,923		610,923
Total Program Receipts	14,164,099	15,453,224	(1,289,125)

(Continued)

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

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

**Table 2
Governmental Activities
Change in Net Position
(Continued)**

	2012	2011	Change
General Receipts:			
Property Taxes Levied for General Operating	1,641,057	1,741,735	(100,678)
Property Taxes Levied for Lawnview 169 Board	2,365,758	2,517,383	(151,625)
Property Taxes Levied for Children's Services	502,126	534,296	(32,170)
Sales Taxes	4,859,352	4,347,526	511,826
Grants and Entitlements	868,012	1,062,564	(194,552)
Interest	436,112	473,931	(37,819)
Other	2,945,223	2,150,069	795,154
Total General Receipts	<u>13,617,640</u>	<u>12,827,504</u>	<u>790,136</u>
Total Receipts	<u>27,781,739</u>	<u>28,280,728</u>	<u>(498,989)</u>
Program Disbursements:			
General Government:			
Legislative and Executive	3,938,117	3,535,069	(403,048)
Judicial	2,242,057	2,151,827	(90,230)
Public Safety	3,857,664	4,249,254	391,590
Public Works	6,279,755	5,536,465	(743,290)
Health	4,903,592	5,228,230	324,638
Human Services	5,431,627	5,641,330	209,703
Conservation and Recreation	216,237	240,238	24,001
Economic Development and Assistance	170,914	591,245	420,331
Capital Outlay	50,499	478,916	428,417
Debt Service:			
Principal Retirement	313,119	298,119	(15,000)
Interest and Fiscal Charges	64,900	73,300	8,400
Total Disbursements	<u>27,468,481</u>	<u>28,023,993</u>	<u>555,512</u>
Increase in Net Position	313,258	256,735	56,523
Net Position at Beginning of Year	<u>12,404,390</u>	<u>12,147,655</u>	<u>256,735</u>
Net Position at End of Year	<u>\$12,717,648</u>	<u>\$12,404,390</u>	<u>\$ 313,258</u>

There was a 2 percent decrease in total receipts from the prior year and the above table reflects several significant changes. Charges for services decreased due to a decrease in the amount of fees collected from various sources (such as tax settlement fees, rent, etc.). Operating grants and contributions decreased due, in large part, to a reduction in State funding for Jobs and Family Services and Child Support Enforcement activities. Capital grants increased due to the County received Issue I monies from Ohio Public Works Commission. The most significant changes for general receipts are reflected in the increase in sales taxes and other receipts. The sales taxes increase demonstrates the modest improvement in the economy over the past year and the increase in other receipts was the result of various reimbursements.

Disbursements also decreased 2 percent from the prior year with decreases reflected in many programs. The programs which continue to account for the largest costs are legislative and executive (which are general government operations), public safety (sheriff), public works (engineer), health (primarily developmental disabilities), and human services (primarily job and family services). These programs accounted for 89 percent of governmental disbursements in 2012.

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

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

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

**Table 3
Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2012	2011	2012	2011
General Government:				
Legislative and Executive	\$ 3,938,117	\$ 3,535,069	\$ 2,262,962	\$ 1,903,879
Judicial	2,242,057	2,151,827	942,232	791,581
Public Safety	3,857,664	4,249,254	3,413,657	3,492,166
Public Works	6,279,755	5,536,465	1,191,356	1,114,756
Health	4,903,592	5,228,230	2,352,284	2,316,139
Human Services	5,431,627	5,641,330	2,454,951	1,906,620
Conservation and Recreation	216,237	240,238	216,237	240,238
Economic Development and Assistance	170,914	591,245	42,185	(44,945)
Capital Outlay	50,499	478,916	50,499	478,916
Debt Service:				
Principal Retirement	313,119	298,119	313,119	298,119
Interest and Fiscal Charges	64,900	73,300	64,900	73,300
Total Disbursements	\$27,468,481	\$28,023,993	\$13,304,382	\$12,570,769

For 2012, 48 percent of the services provided by the County were paid for through general receipts, compared to 45 percent in 2011. A review of the above table demonstrates that program receipts contributed significantly to several programs. Court fees and costs as well grants contributed significantly to the judicial program. Charges for services for the public works program primarily consist of work performed by the County Engineer for townships and villages within the County. The public works program also receives a significant amount of operating grants and contributions from state levied shared gas taxes and motor vehicle licenses. Grants and contributions provide for a significant portion of the costs of the health and human services programs. A majority of the economic development program costs were covered by federal grants.

Governmental Funds Financial Analysis

The County's major governmental funds are the General Fund, and the Job and Family Services, Motor Vehicle License Gas Tax, Lawnview 169 Board, and Children's Services special revenue funds.

For 2012, the General Fund had a 52 percent increase in fund balance. Both receipts and disbursements were similar to the prior year; however, receipts were in excess of costs for 2012.

Fund balance decreased 71 percent for the Job and Family Services Fund. Both receipts and disbursements were less than in the prior year due to a reduction in State funding.

Fund balance decreased 16 percent for the Motor Vehicle License Gas Tax Fund. This was due to the resources the County determines to spend for road improvement work annually.

Fund balance increased over 45 percent for the Lawnview 169 Board Fund. This increase is largely due to an advance of resources during the year from another fund. This advance is required to be paid back to the loaner fund.

Fund balance decreased 19 percent in the Children's Services Fund due to an increase in services provided in 2012.

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

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

Budgetary Highlights

The County prepares an annual budget of receipts and disbursements for all funds of the County for use by County officials and department heads and such other budgetary documents as are required by State statute, including the annual appropriations ordinance which is effective the first day of January.

The County's most significant budgeted fund is the General Fund. There was an 8 percent increase from the original budget to the final budget for revenues due to improving sales tax receipts. There were minimal changes from the final budget to actual receipts. For disbursements, the change from the original budget to the final budget was not significant; however, there was an 8 percent decrease in actual disbursements, generally due to conservative budgeting.

Current Issues

The County continues to monitor the budget closely after enduring some difficult budget cuts in 2011 and 2012. While some revenues have seen an increase others continue to diminish. The County saw sales taxes increase by almost 12 percent in 2012 and current year collections remain positive. Local government funding provided by the State continues to experience cuts.

Manufacturing in the County is beginning to rebound. Because of a recently approved community reinvestment agreement in St. Paris, one of the County's largest manufacturing facilities, KTH, has been able to move forward with plant expansion. A portion of the vacant Fox River Paper Plant was purchased by the City of Urbana who secured grant money to clean up the property. It has been successfully rehabbed and is functioning once again as a paper processor.

Through the efforts of local bike enthusiasts, the Pathfinders Bike Trail expanded into Bellefontaine opening up many more miles for bikers, joggers, and walkers to enjoy. Dog lovers were excited with the efforts of the Champaign County Canines group. Through this group's hard work and dedication, the City of Urbana opened a dog park and in the spring; dogs and their owners were able to attend the grand opening.

Moving Ohio Forward grant monies were secured by the County to assist in demolition of unsightly, abandoned properties. Currently, there are several properties slated for demolition. The County anticipates that these properties will open property opportunities in the City of Urbana and many of the surrounding villages.

The Village of St. Paris is reaping the benefits of its solar farm. The Village is receiving enough energy to reduce the cost of their electric billings by nearly 20 percent annually. In their constant endeavor to cut costs, the Village was quick to take advantage of the opportunity to install the solar panels.

The Wastewater Treatment Facility in St. Paris is operating 100 percent chemically free. They installed an ultraviolet system to discontinue the use of chemicals in treating the water. The new process saves several thousand dollars per year in chemical and labor costs. As a side benefit, the now unused tank houses aquatic wildlife to visually demonstrate that the water is clean and safe.

Request 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 County's financial status. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to Karen Bailey, County Auditor, 1512 South U.S. Highway 68, Suite B300 Urbana, Ohio 43078.

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**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

**STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2012**

	<u>Governmental Activities</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$12,717,648</u></u>
Net Position:	
Restricted for:	
Debt Service	\$2,500
Capital Projects	329,863
Public Works	3,232,557
Health	2,140,179
Children's Services	1,395,745
Other Purposes	2,485,362
Unrestricted	<u>3,131,442</u>
Total Net Position	<u><u>\$12,717,648</u></u>

See Accompanying Notes to the Basic Financial Statements.

CHAMPAIGN COUNTY

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Program Receipts			Net (Disbursements) Receipts and Change in Net Position	
	Disbursements	Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants	Governmental Activities
Governmental Activities:					
General Government:					
Legislative and Executive	\$3,938,117	\$1,672,486	\$2,669		(\$2,262,962)
Judicial	2,242,057	916,096	383,729		(942,232)
Public Safety	3,857,664	256,944	187,063		(3,413,657)
Public Works	6,279,755	373,268	4,104,208	\$610,923	(1,191,356)
Health	4,903,592	180,806	2,370,502		(2,352,284)
Human Services	5,431,627	144,885	2,831,791		(2,454,951)
Conservation and Recreation	216,237				(216,237)
Economic Development and Assistance	170,914	42,405	86,324		(42,185)
Capital Outlay	50,499				(50,499)
Debt Service:					
Principal Retirement	313,119				(313,119)
Interest and Fiscal Charges	64,900				(64,900)
Total Governmental Activities	\$27,468,481	\$3,586,890	\$9,966,286	\$610,923	(13,304,382)
General Receipts:					
Property Taxes Levied for:					
General Operating					1,641,057
Lawnview 169 Board					2,365,758
Children's Services					502,126
Sales Taxes					4,859,352
Grants and Entitlements not Restricted to Other Programs					868,012
Interest					436,112
Other					2,945,223
Total General Receipts					13,617,640
Change in Net Position					313,258
Net Position at Beginning of Year					12,404,390
Net Position at End of Year					\$12,717,648

See Accompanying Notes to the Basic Financial Statements.

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2012**

	<u>General</u>	<u>Job and Family Services</u>	<u>Motor Vehicle License Gas Tax</u>	<u>Lawnview 169 Board</u>	<u>Children's Services</u>	<u>Other Governmental</u>	<u>Total</u>
Assets:							
Equity in Pooled Cash and Cash Equivalents	\$3,292,554	\$21,333	\$3,232,557	\$2,080,179	\$1,395,745	\$2,577,135	\$12,599,503
Restricted Assets:							
Equity in Pooled Cash and Cash Equivalents	58,145			60,000			118,145
Total Assets	<u>3,350,699</u>	<u>21,333</u>	<u>3,232,557</u>	<u>2,140,179</u>	<u>1,395,745</u>	<u>2,577,135</u>	<u>12,717,648</u>
Fund Balances:							
Non-spendable	58,145			60,000			118,145
Restricted	161,112	21,333	3,232,557	2,080,179	1,395,745	2,577,135	9,468,061
Committed	363,325						363,325
Assigned	839,140						839,140
Unassigned	1,928,977						1,928,977
Total Fund Balances	<u>\$3,350,699</u>	<u>\$21,333</u>	<u>\$3,232,557</u>	<u>\$2,140,179</u>	<u>\$1,395,745</u>	<u>\$2,577,135</u>	<u>\$12,717,648</u>

See Accompanying Notes to the Basic Financial Statements.

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Job and Family Services	Motor Vehicle License Gas Tax	Lawnview 169 Board	Children's Services	Other Governmental	Total
Receipts:							
Property Taxes	\$1,641,057			\$2,365,758	\$502,126		\$4,508,941
Sales Taxes	4,859,352						4,859,352
Other Local Taxes			\$150,587				150,587
Special Assessments						\$22,051	22,051
Charges for Services	1,858,763		510	54,297		1,080,277	2,993,847
Licenses and Permits	196,031					24,612	220,643
Fines and Forfeitures	91,016					108,746	199,762
Intergovernmental	1,347,373	\$1,354,222	3,601,013	2,368,105	777,462	1,942,985	11,391,160
Interest	433,648		43,372	397		2,464	479,881
Other	746,253	1,403,594	551,305	149,715	10,482	94,166	2,955,515
Total Receipts	<u>11,173,493</u>	<u>2,757,816</u>	<u>4,346,787</u>	<u>4,938,272</u>	<u>1,290,070</u>	<u>3,275,301</u>	<u>27,781,739</u>
Disbursements:							
Current:							
General Government:							
Legislative and Executive	3,016,094					922,023	3,938,117
Judicial	1,769,455					472,602	2,242,057
Public Safety	3,661,029					196,635	3,857,664
Public Works	643,931		4,949,275			686,549	6,279,755
Health	72,676			4,675,455		155,461	4,903,592
Human Services	261,340	2,809,206			1,623,640	737,441	5,431,627
Conservation and Recreation	216,237						216,237
Economic Development and Assistance	45,507					125,407	170,914
Capital Outlay	16,073					34,426	50,499
Debt Service:							
Principal Retirement						313,119	313,119
Interest and Fiscal Charges						64,900	64,900
Total Disbursements	<u>9,702,342</u>	<u>2,809,206</u>	<u>4,949,275</u>	<u>4,675,455</u>	<u>1,623,640</u>	<u>3,708,563</u>	<u>27,468,481</u>
Excess of Receipts Over (Under) Disbursements	<u>1,471,151</u>	<u>(51,390)</u>	<u>(602,488)</u>	<u>262,817</u>	<u>(333,570)</u>	<u>(433,262)</u>	<u>313,258</u>
Other Financing Sources (Uses):							
Advances In	19,760			405,514		19,760	445,034
Advances Out	(19,760)					(425,274)	(445,034)
Transfers In	297					378,019	378,316
Transfers Out	(319,900)					(58,416)	(378,316)
Total Other Financing Sources (Uses)	<u>(319,603)</u>			<u>405,514</u>		<u>(85,911)</u>	
Changes in Fund Balances	1,151,548	(51,390)	(602,488)	668,331	(333,570)	(519,173)	313,258
Fund Balances at Beginning of Year	<u>2,199,151</u>	<u>72,723</u>	<u>3,835,045</u>	<u>1,471,848</u>	<u>1,729,315</u>	<u>3,096,308</u>	<u>12,404,390</u>
Fund Balances at End of Year	<u>\$3,350,699</u>	<u>\$21,333</u>	<u>\$3,232,557</u>	<u>\$2,140,179</u>	<u>\$1,395,745</u>	<u>\$2,577,135</u>	<u>\$12,717,648</u>

See Accompanying Notes to the Basic Financial Statements.

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Property Taxes	\$1,545,000	\$1,635,530	\$1,637,067	\$1,537
Sales Taxes	4,420,300	4,905,350	4,859,352	(45,998)
Charges for Services	1,775,562	1,885,105	1,858,763	(26,342)
Licenses and Permits	187,000	187,000	196,031	9,031
Fines and Forfeitures	93,100	93,100	91,016	(2,084)
Intergovernmental	1,278,640	1,382,710	1,347,373	(35,337)
Interest	432,515	428,976	438,053	9,077
Other	647,720	691,305	746,253	54,948
Total Receipts	<u>10,379,837</u>	<u>11,209,076</u>	<u>11,173,908</u>	<u>(35,168)</u>
Disbursements:				
Current:				
General Government:				
Legislative and Executive	3,120,437	3,212,511	3,059,462	153,049
Judicial	1,868,926	1,874,203	1,784,416	89,787
Public Safety	3,859,381	4,021,550	3,679,239	342,311
Public Works	721,042	844,977	655,769	189,208
Health	73,506	73,273	72,966	307
Human Services	355,802	302,999	269,922	33,077
Conservation and Recreation	231,030	227,830	216,237	11,593
Economic Development and Assistance	64,475	64,475	45,912	18,563
Capital Outlay		16,073	16,073	
Total Disbursements	<u>10,294,599</u>	<u>10,637,891</u>	<u>9,799,996</u>	<u>837,895</u>
Excess of Receipts Over (Under) Disbursements	85,238	571,185	1,373,912	802,727
Other Financing Sources (Uses):				
Advances In			19,760	19,760
Advances Out	(19,760)	(19,760)	(19,760)	
Transfers In			297	297
Transfers Out	(319,900)	(319,900)	(319,900)	
Total Other Financing Sources (Uses)	<u>(339,660)</u>	<u>(339,660)</u>	<u>(319,603)</u>	<u>20,057</u>
Changes in Fund Balance	(254,422)	231,525	1,054,309	822,784
Fund Balance at Beginning of Year	1,948,679	1,948,679	1,948,679	
Prior Year Encumbrances Appropriated	117,858	117,858	117,858	
Fund Balance at End of Year	<u>\$1,812,115</u>	<u>\$2,298,062</u>	<u>\$3,120,846</u>	<u>\$822,784</u>

See Accompanying Notes to the Basic Financial Statements.

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL
JOB AND FAMILY SERVICES FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Intergovernmental	\$2,873,619	\$1,750,536	\$1,354,222	(\$396,314)
Other	1,039,195	1,038,999	1,403,594	364,595
Total Receipts	<u>3,912,814</u>	<u>2,789,535</u>	<u>2,757,816</u>	<u>(31,719)</u>
Disbursements:				
Current:				
Human Services	<u>3,762,124</u>	<u>2,862,068</u>	<u>2,825,562</u>	<u>36,506</u>
Changes in Fund Balance	150,690	(72,533)	(67,746)	4,787
Fund Balance at Beginning of Year	<u>72,723</u>	<u>72,723</u>	<u>72,723</u>	
Fund Balance at End of Year	<u><u>\$223,413</u></u>	<u><u>\$190</u></u>	<u><u>\$4,977</u></u>	<u><u>\$4,787</u></u>

See Accompanying Notes to the Basic Financial Statements.

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS_ AND ACTUAL
MOTOR VEHICLE LICENSE GAS TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>			Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Other Local Taxes	\$146,000	\$146,000	\$150,587	\$4,587
Charges for Services	500	500	510	10
Intergovernmental	3,630,000	3,630,000	3,601,013	(28,987)
Interest	60,000	60,000	43,372	(16,628)
Other	46,550	510,287	551,305	41,018
Total Receipts	<u>3,883,050</u>	<u>4,346,787</u>	<u>4,346,787</u>	
Disbursements:				
Current:				
Public Works	5,390,826	6,266,934	5,008,533	1,258,401
Changes in Fund Balance	(1,507,776)	(1,920,147)	(661,746)	1,258,401
Fund Balance at Beginning of Year	3,688,882	3,688,882	3,688,882	
Prior Year Encumbrances Appropriated	<u>146,163</u>	<u>146,163</u>	<u>146,163</u>	
Fund Balance at End of Year	<u>\$2,327,269</u>	<u>\$1,914,898</u>	<u>\$3,173,299</u>	<u>\$1,258,401</u>

See Accompanying Notes to the Basic Financial Statements.

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL
LAWNVIEW 169 BOARD FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Property Taxes	\$2,192,300	\$2,192,300	\$2,360,933	\$168,633
Charges for Services	373,255	373,255	54,297	(318,958)
Intergovernmental	2,013,544	2,520,044	2,368,105	(151,939)
Interest	1,280	397	397	
Other	98,100	98,100	149,715	51,615
Total Receipts	<u>4,678,479</u>	<u>5,184,096</u>	<u>4,933,447</u>	<u>(250,649)</u>
Disbursements:				
Current:				
Health	<u>5,242,277</u>	<u>5,242,277</u>	<u>4,808,462</u>	<u>433,815</u>
Excess of Receipts Over Disbursements	(563,798)	(58,181)	124,985	183,166
Other Financing Sources:				
Advances In		<u>152,610</u>	<u>405,514</u>	<u>252,904</u>
Changes in Fund Balance	(563,798)	94,429	530,499	436,070
Fund Balance at Beginning of Year	1,336,149	1,336,149	1,336,149	
Prior Year Encumbrances Appropriated	<u>5,600</u>	<u>5,600</u>	<u>5,600</u>	
Fund Balance at End of Year	<u>\$777,951</u>	<u>\$1,436,178</u>	<u>\$1,872,248</u>	<u>\$436,070</u>

See Accompanying Notes to the Basic Financial Statements.

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL
CHILDREN'S SERVICES FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Property Taxes	\$495,335	\$496,395	\$501,023	\$4,628
Intergovernmental	775,000	739,118	777,462	38,344
Other	59,110	59,110	10,482	(48,628)
Total Receipts	<u>1,329,445</u>	<u>1,294,623</u>	<u>1,288,967</u>	<u>(5,656)</u>
Disbursements:				
Current:				
Human Services	<u>1,297,726</u>	<u>2,114,896</u>	<u>1,657,156</u>	<u>457,740</u>
Changes in Fund Balance	31,719	(820,273)	(368,189)	452,084
Fund Balance at Beginning of Year	<u>1,701,733</u>	<u>1,701,733</u>	<u>1,701,733</u>	
Fund Balance at End of Year	<u><u>\$1,733,452</u></u>	<u><u>\$881,460</u></u>	<u><u>\$1,333,544</u></u>	<u><u>\$452,084</u></u>

See Accompanying Notes to the Basic Financial Statements.

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

**STATEMENT OF CASH BASIS FIDUCIARY NET POSITION
AGENCY FUNDS
DECEMBER 31, 2012**

Assets:	
Equity in Pooled Cash and Cash Equivalents	\$7,637,672
Cash and Cash Equivalents in Segregated Accounts	<u>302,303</u>
Total Assets	<u><u>7,939,975</u></u>
Net Position:	
Due to Other Governments	2,450,611
Undistributed Assets	<u>5,489,364</u>
Total Net Position	<u><u>\$7,939,975</u></u>

See Accompanying Notes to the Basic Financial Statements.

**FINANCIAL SECTION
CHAMPAIGN COUNTY**

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

1. REPORTING ENTITY

Champaign County (the County) is a body politic and corporate established in 1805 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The County is governed by a board of three commissioners elected by the voters of the County. Other officials elected by the voters of the County that manage various segments of the County's operations are the Auditor, Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, a Common Pleas Court Judge, and two Family Court Judges. Although the elected officials manage the internal operations of their respective departments, the County Commissioners authorize cash disbursements as well as serve as the budget and taxing authority, contracting body, and the chief administrators of public services for the entire County.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements of the County are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the County. For Champaign County, this includes the Champaign County Board of Developmental Disabilities (DD), Children's Services Board, and departments and activities that are directly operated by the elected County officials.

B. Discretely Presented Component Units

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 that are fiscally dependent on the County in that the County approves the budget, the issuance of debt, or the levying of taxes.

Lawnview Industries, Inc. (Lawnview) is a legally separate, not-for-profit corporation served by a self-appointing board of trustees. Lawnview, under a contractual agreement with the Champaign County Board of DD, provides sheltered employment for developmentally disabled or handicapped adults in Champaign County. Based on the significant services and resources provided by the County to Lawnview and Lawnview's sole purpose of providing assistance to the developmentally disabled adults of Champaign County, Lawnview is a component unit of Champaign County. However, the financial information has not been blended with the County's financial activity, as this activity was considered immaterial. Further information for Lawnview can be obtained from Lawnview Industries, Inc., 1250 East Route 36, Urbana, Ohio 43078.

Home Options, Inc. (Home Options) is a legally separate, not-for-profit corporation. It provides housing exclusively for clients of the Champaign County Board of DD. The Champaign County Board of DD provides certain operating expenses as necessary for the operation of Home Options, Inc. Based on the significant services and resources provided by the County to Home Options and Home Options' sole purpose of providing assistance to the developmentally disabled adults of Champaign County, Home Options is a component unit of Champaign County. However, the financial information has not been blended with the County's financial activity, as this activity was considered immaterial. Further information for Home Options can be obtained from Home Options, Inc., 1250 East Route 36, Urbana, Ohio 43078.

**FINANCIAL SECTION
CHAMPAIGN COUNTY**

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

1. REPORTING ENTITY (Continued)

As custodian of public funds, the County Treasurer invests all public monies held on deposit in the County treasury. In the case of the separate organizations listed below, the County serves as fiscal agent but the organizations are not considered part of Champaign County. Accordingly, the activity of the following organizations is reported as agency funds within the financial statements:

Champaign County District Board of Health
Champaign County Child and Family First Council
Champaign County Local Emergency Planning Commission
Champaign Countywide Public Safety Communications Center Council of Governments
Mental Health, Drug, and Alcohol Services of Logan and Champaign County
Soil and Water Conservation District
Tri-County Regional Jail

The County participates in certain organizations which are defined as joint ventures, jointly governed organizations, and insurance pools. These organizations are presented in Notes 15, 16, and 17 to the basic financial statements. These organizations are:

Tri-County Regional Jail
Logan-Champaign Mental Health and Recovery Board
Central Ohio Youth Center
Champaign County Child and Family Council
Fairways Regional Council of Governments
Champaign Countywide Public Safety Communications System Council of Governments
North Central Ohio Solid Waste Management District
County Risk Sharing Authority, Inc.
County Commissioners Association of Ohio Service Corporation
County Employee Benefits Consortium of Ohio, Inc.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are presented on a cash basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the County's accounting policies.

A. Basis of Presentation

The County's basic financial statements consist of government-wide financial 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.

1. Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements usually distinguish between those activities of the County that are governmental in nature and those that are considered business-type activities. However, the County has no business-type activities.

**FINANCIAL SECTION
CHAMPAIGN COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The statement of net position presents the cash balance of the governmental activities of the County at year end. The statement of activities compares disbursements and program receipts for each program or function of the County's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the County is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants, contributions, and interest restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the general receipts of the County.

2. Fund Financial Statements

During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. 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. The funds of the County are presented in two categories, governmental and fiduciary.

1. Governmental Funds

The County classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The County's major governmental funds are the General Fund and the Job and Family Services, Motor Vehicle License Gas Tax, Lawnview 169 Board, and Children's Services special revenue funds.

General Fund - The General 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.

Job and Family Services Fund - This fund accounts for federal, state, and local resources restricted to providing general relief and to pay providers of medical assistance and social services.

Motor Vehicle License Gas Tax Fund - This fund accounts for monies derived from gasoline taxes and the sale of motor vehicle licenses. Expenditures are restricted by State law to county road and bridge repair/improvement programs.

Lawnview 169 Board - This fund accounts for a County-wide property tax levy and federal and state grants restricted for the operation of a school for the persons who are developmentally disabled.

**FINANCIAL SECTION
CHAMPAIGN COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Children's Services - This fund accounts for federal, state, and local resources restricted to promoting and protecting children, stable families, adoption assistance, and supportive communities.

The other governmental funds of the County account for grants and other resources whose use is restricted, committed, or assigned to a particular purpose.

2. Fiduciary Funds

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 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 did not have any trust funds in 2012. The County's agency funds are used to account for assets held by the County for political subdivisions for which the County acts as fiscal agent and for taxes, state-levied shared revenues, and fines and forfeitures collected and distributed to other political subdivisions.

C. Basis of Accounting

The County's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the County's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in the financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the certificate of estimated resources and the appropriations resolution, both of which are prepared on the budgetary basis of accounting. 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 legal level of control has been established by the County Commissioners at the fund and department level for the General Fund and the fund level for all other funds.

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

**FINANCIAL SECTION
CHAMPAIGN COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 appropriations 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.

E. Cash and Investments

To improve cash management, cash received by the County is pooled and invested. Individual fund integrity is maintained through County records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Cash and cash equivalents that are held separately within departments of the County and not held by the County Treasurer are recorded as "Cash and Cash Equivalents in Segregated Accounts".

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

Interest earnings are allocated to County funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2012 were \$433,648 which includes \$357,659 assigned from other County funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unclaimed monies that have a legal restriction on their use and the non-spendable portion of a trust are reported as restricted.

G. Capital Assets

Acquisitions of property, plant, and equipment are recorded as disbursements when paid. The financial statements do not report these assets.

**FINANCIAL SECTION
CHAMPAIGN COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Compensated Absences

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the County.

I. Long-Term Obligations

Cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when disbursements are made.

J. Net Position

Net position is reported as restricted when there are limitations imposed on its use either through constitutional provisions or enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes primarily includes resources restricted for the upkeep of the County's roads and bridges, child support and welfare services, various law enforcement related activities, and activities of the County's courts. The County's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources is available.

K. Fund Balance

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

Non-spendable - The non-spendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash.

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

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

**FINANCIAL SECTION
CHAMPAIGN COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Assigned - Amounts in the assigned classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. Assigned amounts represent intended uses established by the County Commissioners. The County Commissioners have authorized each department manager to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

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

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

L. Internal Activity

Transfers within governmental activities are eliminated on the government-wide financial statements.

Internal allocations of overhead disbursements from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

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

**FINANCIAL SECTION
CHAMPAIGN COUNTY**

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

3. COMPLIANCE

Ohio Administrative Code Section 117-2-03 (B) requires the County to prepare its annual financial report in accordance with generally accepted accounting principles. However, the County prepared its financial statements on a cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net position/fund balances, and disclosures that, while material, cannot be determined at this time. The County can be fined and various other administrative remedies may be taken against the County.

Ohio Revised Code Section 5101.144 states each county shall deposit all funds its public children services agency receives from appropriations made by the board of county commissioners or any other sources for the purpose of providing children services into a special fund in the county treasury known as the children services fund. A county shall use money in the fund only for the purposes of meeting the expenses of providing children services. In 2012, the Department of Jobs and Family Services posted two children service receipts to the Child Support Enforcement Fund. This resulted in an error of \$46,496. The error has been corrected by the County and is reflected in the financial statements and underlying accounting records.

4. DEPOSITS AND INVESTMENTS

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

Monies held by the County, which are not considered active, are classified as inactive. Inactive monies may be deposited or invested in the following securities provided a written investment policy has been filed with the Ohio Auditor of State:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States, or any book entry zero-coupon United States treasury security that is a direct obligation of the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;

**FINANCIAL SECTION
CHAMPAIGN COUNTY**

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

4. DEPOSITS AND INVESTMENTS (Continued)

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange similar securities, or cash, equal value for equal value;
9. Up to twenty-five percent of the County's average portfolio in either of the following:
 - a. commercial paper notes in entities incorporated under the laws of Ohio or any other State that have assets exceeding five hundred million dollars rated at the time of purchase, which are rated in the highest qualification established by two nationally recognized standard rating services, which do not exceed 10 percent of the value of the outstanding commercial paper of the issuing corporation, and which mature within two hundred seventy days after purchase;
 - b. bankers acceptances eligible for purchase by the federal reserve system and which mature within one hundred eighty days after purchase;
10. Up to 15 percent of the County's average portfolio in notes issued by United States corporations or by depository institutions that are doing business under authority granted by the United States provided that the notes are rated in the second highest or higher category by at least two nationally recognized standard rating services at the time of purchase and the notes mature within two years from the date of purchase;
11. No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service consisting exclusively of obligations guaranteed by the United States, securities issued by a federal government agency or instrumentality, and/or highly rated commercial paper; and
12. Up to 1 percent of the County's average portfolio in debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government.

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

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

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

**FINANCIAL SECTION
CHAMPAIGN COUNTY**

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

4. DEPOSITS AND INVESTMENTS (Continued)

Investments

At December 31, 2012, the County had \$7,891 invested with STAR Ohio. This investment had an average maturity of 55.4 days and a rating of AAA by Standard and Poor's. The County has no policy for interest rate or credit risk beyond the requirements of State statute. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

5. PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the County. Real property tax revenues received in 2012 represent the collection of 2011 taxes. Real property taxes received in 2012 were levied after October 1, 2011, on the assessed values as of January 1, 2011, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in 2012 represent the collection of 2011 taxes. Public utility real and tangible personal property taxes received in 2012 became a lien on December 31, 2010, were levied after October 1, 2011, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The County Treasurer collects property taxes on behalf of all taxing districts within the County. The County Auditor periodically remits to the taxing districts their portion of the taxes collected. The collection and distribution of taxes for all subdivisions within the County, excluding the County itself, is accounted for through agency funds. The amount of the County's tax collections is accounted for within the applicable funds.

The full tax rate for all County operations for the year ended December 31, 2012, was \$10.70 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2012 property tax receipts were based are as follows:

Real Property	
Residential/Agriculture	\$619,618,080
Commercial/Industrial/Mineral	92,940,080
Public Utility Property	
Real	24,862,720
Personal	85,310
Total Assessed Value	<u>\$737,506,190</u>

6. PERMISSIVE SALES AND USE TAX

The County Commissioners, by resolution, imposed a one and one-half percent tax on all retail sales made in the County, except sales of motor vehicles, and on the storage, use, or consumption of tangible personal property in the County, including motor vehicles not subject to the sales tax. Sales tax is credited to the General Fund. 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 to be made within five days of the certification.

**FINANCIAL SECTION
CHAMPAIGN COUNTY**

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

7. INTERFUND ACTIVITY

During 2012, the County made a number of cash advances to various funds, in the amount of \$445,034. As of December 31, 2012, \$9,486 of the advances had not been repaid. Cash advances are generally made to provide working capital for operations or projects or to provide cash flow resources. Advances are expected to be repaid within one year.

8. RISK MANAGEMENT

A. Property and Liability

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2012, the County contracted with the County Risk Sharing Authority for insurance coverage.

Coverage provided was as follows:

Property	\$38,402,057
General Liability	1,000,000
Excess Liability	2,000,000
Automobile Liability	1,000,000
Law Enforcement Liability	1,000,000

With the exceptions of medical coverage and workers' compensation, all insurance is held with CORSA. There has been no significant reduction in insurance coverage from 2012, and settled claims have not exceeded this coverage in the past three years.

B. Workers Compensation

For 2012, the County participated in the County Commissioners Association of Ohio Service Corporation, a workers' compensation group rating plan (Plan). The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all counties in the Plan. Each county pays its workers' compensation premium to the State based on the rate for the Plan rather than the county's individual rate.

In order to allocate the savings derived by the formation of the Plan, and to maximize the number of participants in the Plan, the Plan's executive committee annually calculates the total savings which accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the Plan is limited to counties that can meet the Plan's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control, and actuarial services to the Plan. Each year, the County pays an enrollment fee to the Plan to cover the costs of administering the program.

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

**FINANCIAL SECTION
CHAMPAIGN COUNTY**

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

8. RISK MANAGEMENT (Continued)

C. Medical and Life Insurance

For 2012, the County participated in a risk-sharing pool, the County Employee Benefits Consortium of Ohio, Inc. (CEBCO). CEBCO charges a fixed premium per month per enrolled employee. Premiums charged by CEBCO are based upon the County's claims experience. CEBCO retains liability for claims that exceed the expected losses and charged premiums.

9. DEFINED BENEFIT PENSION PLANS

A. Ohio Public Employees Retirement System

Plan Description - The County participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the combined plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the traditional plan benefit. Member contributions, the investment of which is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for public safety and law enforcement employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in the state and local classifications and 12.1 percent for public safety and law enforcement members. For the year ended December 31, 2012, members in state and local classifications contributed 10 percent of covered payroll while public safety and law enforcement members contributed 11.5 percent and 12.1 percent, respectively. Effective January 1, 2013, the member contribution rate for public safety and law enforcement increased to 12 percent and 12.6 percent, respectively. While members in the state and local classifications may participate in all three plans, public safety and law enforcement classifications exist only within the traditional plan. For 2012, member and employer contribution rates were consistent across all three plans.

**FINANCIAL SECTION
CHAMPAIGN COUNTY**

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

9. DEFINED BENEFIT PENSION PLANS (Continued)

The County's 2012 contribution rate was 14 percent, except for those plan members in public safety or law enforcement, for whom the County's contribution was 18.1 percent of covered payroll. The portion of the County's contribution used to fund pension benefits is net of postemployment health care benefits. The portion of the County's contribution allocated to health care for members in the traditional plan was 4 percent for 2012. The portion of the employer contribution allocated to health care for members in the combined plan was 6.05 percent for 2012. Employer contribution rates are actuarially determined.

The County's required contribution for pension obligations to the traditional and combined plans for the years ended December 31, 2012, 2011, and 2010 was \$1,165,909, \$1,237,558, and \$1,674,919, respectively. For 2012, 84 percent has been contributed. The full amount has been contributed for 2011 and 2010. Contributions to the member-directed plan for 2012 were \$54,728 made by the County and \$39,092 made by the plan members.

B. State Teachers Retirement System

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

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

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

**FINANCIAL SECTION
CHAMPAIGN COUNTY**

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

9. DEFINED BENEFIT PENSION PLANS (Continued)

Funding Policy - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the STRS Ohio Board upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. For the fiscal year ended June 30, 2012, plan members were required to contribute 10 percent of their annual covered salary. The County was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The County's required contribution to STRS Ohio for the years ended December 31, 2012, 2011, and 2010 was \$2,204, \$7,377, and \$14,349. For 2012, 100 percent has been contributed. The full amount has been contributed for 2011 and 2010.

The contribution to STRS Ohio for the DCP for 2012 was \$13 made by the County and \$9 made by the plan members.

10. POST-EMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment health care plan for qualifying members of both the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment health care coverage. The plan includes a medical plan, a prescription drug program, and Medicare Part B premium reimbursement.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

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

**FINANCIAL SECTION
CHAMPAIGN COUNTY**

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

10. POST-EMPLOYMENT BENEFITS (Continued)

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2012, state and local employers contributed 14 percent of covered payroll and public safety and law enforcement employers contributed 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code.

Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding postemployment health care benefits. The portion of the employer contribution allocated to health care for members in the traditional plan was 4 percent for 2012. The portion of the employer contribution allocated to health care for members in the combined plan was 6.05 percent for 2012. Effective January 1, 2013, the portion of the employer contribution allocated to health care was lowered to 1 percent for both plans as recommended by the OPERS actuary.

The OPERS retirement board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the postemployment health care plan.

The County's contribution allocated to fund postemployment health care benefits for the years ended December 31, 2012, 2011, and 2010 was \$473,421, \$497,211, and \$608,590, respectively. For 2012, 84 percent has been contributed. The full amount has been contributed for 2011 and 2010.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 9, 2012, with a transition plan commencing on 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 County participates in a cost-sharing multiple-employer defined benefit Health Care Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the Defined Benefit or Combined pension plans offered by STRS Ohio. Ohio law authorizes STRS Ohio to offer the Plan. Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare Part B premiums. The Plan is included in STRS Ohio's financial report which can be obtained by calling (888) 227-7877 or by visiting the STRS Ohio Web site at www.strsoh.org.

Funding Policy - Chapter 3307 of the Ohio Revised Code authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions. For fiscal year 2012, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to postemployment health care. The County's contribution for health care for the years ended December 31, 2012, 2011, and 2010 was \$171, \$567, and \$1,251, respectively. For 2012, 100 percent has been contributed. The full amount has been contributed for 2011 and 2010.

**FINANCIAL SECTION
CHAMPAIGN COUNTY**

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

11. COMPENSATED ABSENCES

County employees earn vacation and sick leave at varying rates depending on length of service. Currently, employees are not permitted to accrue or carry over more than the equivalent of three year's vacation leave. All accumulated unused vacation time is paid upon separation from the County. County employees hired after March 1, 1983, are paid for thirty days of accumulated unused sick leave upon retirement at the rate of pay in effect at the time of retirement, while those employees hired prior to March 1, 1983, are paid for 120 days of accumulated unused sick leave.

12. Long-Term Obligations

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

Governmental Activities:	Interest Rate	Balance 12/31/2011	Additions	Reductions	Balance 12/31/2012	Due Within One Year
General Obligation Bonds						
2005 County Building Refunding (Original Amount \$2,010,000)	4.5%	\$1,655,000		\$255,000	\$1,400,000	\$260,000
OPWC Loan						
2002 Ohio Public Works Commission (Original Amount \$871,786)		348,715		58,119	290,596	58,119
Total Governmental Activities		\$2,003,715	\$0	\$313,119	\$1,690,596	\$318,119

A. General Obligation Bonds

All general obligation bonds are supported by the full faith and credit of Champaign County and are payable from un-voted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments.

2005 County Building Refunding Bonds - The 2005 County Building Refunding Bonds were issued to refund \$1,865,000 of 1998 Various Purpose Bonds. The bonds will be repaid from the South Point bond retirement fund with transfers from the General Fund.

B. OPWC Loan

The OPWC loan consists of monies owed to the Ohio Public Works Commission for capital improvement projects. The OPWC loan matures in 2017. Revenues of the Motor Vehicle License Gas Tax special revenue fund have been pledged to repay this loan.

At December 31, 2012, the County's overall debt margin was \$15,535,155 with an un-voted debt margin of \$5,972,562.

The following is a summary of the County's future annual debt service requirements for governmental activities:

Year	General Obligation Bonds		OPWC Loans
	Principal	Interest	Principal
2013	\$ 260,000	\$ 54,700	\$ 58,119
2014	270,000	45,600	58,119
2015	280,000	34,800	58,119
2016	290,000	23,600	58,119
2017	300,000	12,000	58,120
	\$1,400,000	\$170,700	\$290,596

**FINANCIAL SECTION
CHAMPAIGN COUNTY**

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

12. Long-Term Obligations (Continued)

The County has issued limited obligation bonds and special limited revenue obligation bonds which are summarized in the following table:

	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Balance December 31, 2012</u>
Limited Obligation Bonds			
Urbana University Project	11/26/2002	\$2,659,000	\$1,716,461
Special Limited Revenue Obligation Bonds			
WICOR Americas, Inc.	8/24/2010	12,300,000	9,931,650

The County is not obligated in any way to pay debt and related charges on limited obligation bonds or special limited revenue obligation bonds from any of its funds, and therefore, they have been excluded entirely from the County's financial statements. There has not been and there is not currently any condition of default under the debt or the related financing documents.

13. FUND BALANCE

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

<u>Fund Balance</u>	<u>General</u>	<u>Job and Family Services</u>	<u>Motor Vehicle License Gas Tax</u>	<u>Lawnview 169 Board</u>	<u>Children's Services</u>	<u>Other Governmental</u>
Non-spendable for:						
Lawnview Trust				\$ 60,000		
Unclaimed Monies	\$ 58,145					
Total Non-spendable	<u>58,145</u>			<u>60,000</u>		
Restricted for:						
Child Support Enforcement						\$ 562,727
Court Operations						395,854
Crime Victim Assistance						1,018
Debt Retirement						2,500
Delinquent Tax Collections						89,833
Ditch Maintenance						112,150
Dog and Kennel Operations						88,600
Economic Development						26,581
Emergency Management						176,995
Job and Family Services Operations		\$21,333			\$1,395,745	
Juvenile Corrections						114,069
Law Library Operations						18,210
Developmental Disabilities Operations				2,080,179		
Permanent Improvements						217,713
Recycling						52,941
Real Estate Assessment						509,826
Road and Bridge Repair/Improvement			\$3,232,557			129,538
Sheriff Operations						69,652
Transit System	161,112					
Voting						8,928
Total Restricted	<u>161,112</u>	<u>21,333</u>	<u>3,232,557</u>	<u>2,080,179</u>	<u>1,395,745</u>	<u>2,577,135</u>

(continued)

**FINANCIAL SECTION
CHAMPAIGN COUNTY**

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

13. FUND BALANCE (Continued)

<u>Fund Balance</u>	<u>General</u>	<u>Job and Family Services</u>	<u>Motor Vehicle License Gas Tax</u>	<u>Lawnview 169 Board</u>	<u>Children's Services</u>	<u>Other Governmental</u>
Committed to:						
Economic Development	\$ 363,325					
Assigned for:						
Document Recording	36,077					
Sheriff Operations	85,223					
Title Administration	240,101					
Transit System	396,654					
Unpaid Obligations	81,085					
Total Assigned	839,140					
Unassigned	1,928,977					
Total Fund Balance	<u>\$3,350,699</u>	<u>\$21,333</u>	<u>\$3,232,557</u>	<u>\$2,140,179</u>	<u>\$1,395,745</u>	<u>\$2,577,135</u>

14. INTERFUND TRANSFERS

During 2012, transfers were made from the General Fund to Other Governmental funds, in the amount of \$319,900, to make debt payments as they came due. Transfers were made from Other Governmental funds, in the amount of \$297 and \$58,119, to the General Fund and Other Governmental funds to reimburse annexation costs and to subsidize operations of other funds.

15. JOINT VENTURES

A. Tri-County Regional Jail

Champaign County is a participant in the Tri-County Regional Jail, a minimum, medium, and maximum security prison. The prison was built to house convicted criminals from Champaign, Madison, and Union Counties. The governing board consists of the Sheriff from Champaign County and the Common Pleas Judge from each participating county. The Champaign County Auditor serves as fiscal agent. During 2012, Champaign County contributed \$1,378,008 towards the operation of the jail. The percentage of equity interest for the County is based on the amount that will be distributed to the County if the contract is terminated. The County's equity interest of \$197,952 represents 33.3 percent of the total equity of the Jail. The Jail is not accumulating significant financial resources nor experiencing fiscal stress which would cause additional financial benefit to or burden on the County. Financial information may be obtained by writing the Champaign County Auditor, 1512 South U.S. Highway 68, Urbana, OH 43078.

B. Logan-Champaign Mental Health and Recovery Board

The Logan-Champaign Mental Health and Recovery Board (MHRB) is a joint venture between Logan and Champaign Counties. The joint venture was formed to provide mental health education, consultation, training, and referral services to the public. Each county supports the joint venture through a tax levy. The MHRB is controlled by a board whose membership consists of eighteen Logan and Champaign county residents appointed by the Ohio Department of Mental Health, the Ohio Department of Alcohol and Drug Addiction Services, and the Logan and Champaign County Commissioners. The continued existence of the MHRB is dependent on the combined participation of the counties. The MHRB is not accumulating significant financial resources nor experiencing fiscal stress which would cause additional financial benefit to or burden on the County.

**FINANCIAL SECTION
CHAMPAIGN COUNTY**

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

15. JOINT VENTURES (Continued)

The County cannot significantly influence the operations of the MHRB Board. The Board has sole budgetary authority and controls surpluses and deficits and the County is not legally obligated for the debt of MHRB. Financial information may be obtained from the Logan-Champaign Mental Health and Recovery Board, 123 North Detroit Street, West Liberty, Ohio 43357.

16. JOINTLY GOVERNED ORGANIZATIONS

A. Central Ohio Youth Center

The Central Ohio Youth Center is a jointly governed organization involving Champaign, Delaware, Logan, Madison, and Union Counties. The Center provides facilities for the training, treatment, and rehabilitation of delinquent, dependent, abused, or neglected children and was established under Section 2151.34 of the Ohio Revised Code. The operation of the Center is controlled by a joint board of trustees whose membership consists of two appointees of the Union County Commissioners, two appointees of the Delaware County Commissioners, and one appointee from Champaign, Logan, and Madison Counties. Each county's ability to influence the operations of the Center is limited to its representation on the board of trustees. Appropriations are adopted by the joint board of trustees who exercise control over the operation and maintenance of the Center. Union County serves as the fiscal agent. Each county is charged for its share of the operating costs of the Center based on the number of individuals from their County in attendance. During 2012, Champaign County contributed \$332,068 for operations of the Center. Financial information may be obtained by writing to the Central Ohio Youth Center, 18100 State Route 4, Marysville, Ohio 45040.

B. Champaign County Child and Family Council

The Champaign County Child and Family Council was established under Section 121.37 of the Ohio Revised Code to provide help to families seeking government services. These services are provided through coordination, collaboration, and cooperation of parents and of public and private agencies who foster and develop resources which minimize barriers and enable families to build on their strengths to enhance their quality of life. Council membership is set by State statute and includes the Chairman of the Board of County Commissioners, or their designee. Appropriations are adopted by the Champaign County Budget Commission and the Champaign County Auditor serves as the fiscal agent. During 2012, Champaign County contributed \$29,962 to the Champaign County Child and Family Council. Financial information may be obtained by writing to the Champaign County Child and Family Council, 2200 South U.S. Highway 68, P. O. Box 38147, Urbana, Ohio 43078.

C. Fairways Regional Council of Governments

The County is a participant in the Fairways Regional Council of Governments, a jointly governed organization between Champaign and Madison Counties. The Council is established under section 167 of the Ohio Revised Code and the purpose is to provide supported living services and family support services for individuals with developmental disabilities and their families. The Council is governed by a three member board of directors consisting of the superintendents of the Board of Developmental Disabilities of each county. During 2012, Champaign County contributed \$185,508 to the Fairways Regional Council of Governments. Financial information may be obtained by writing to the Fairways Regional Council of Governments, 245 Valley Road, Xenia, Ohio 45385.

**FINANCIAL SECTION
CHAMPAIGN COUNTY**

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

16. JOINTLY GOVERNED ORGANIZATIONS (Continued)

D. Champaign Countywide Public Safety Communications System Council of Governments

Champaign County and the City of Urbana entered into an agreement to create a regional council of governments to operate an enhanced 9-1-1 system. Champaign County serves as fiscal agent. During 2012, Champaign County contributed \$2,000 to the Champaign Countywide Public Safety Communications System Council of Governments. Financial information may be obtained by writing to the Champaign Countywide Public Safety Communications System Council of Governments, 1512 South U.S. Highway 68, Suite A100, Urbana, Ohio 43078.

E. North Central Ohio Solid Waste Management District

Champaign County participates in a multi-county solid waste district along with Allen, Hardin, Madison, Shelby, and Union Counties. The Board of Directors consists of County Commissioners from each county. Initial funding for the District was contributed by each county based on each county's population as compared to the total of all participating counties' populations. In 1994, the District became self-supporting and does not anticipate having to rely on future support coming from funds given to the District by the six participating counties. Allen County serves as fiscal agent for the District. Financial information may be obtained by writing to the North Central Ohio Solid Waste Management District, 815 Shawnee Road, Suite D, Lima, Ohio 45805.

17. INSURANCE POOLS

A. County Risk Sharing Authority, Inc.

The County Risk Sharing Authority, Inc. (CORSA), is a jointly governed organization among sixty-one counties in Ohio. CORSA was formed as an Ohio not-for-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 coverages provided by CORSA.

Each member county has one vote on all matters requiring a vote to be cast by a designated representative. The affairs of CORSA are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the Board of Trustees. No county may have more than one representative on the Board of Trustees 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.

B. County Commissioners Association of Ohio Service Corporation

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

**FINANCIAL SECTION
CHAMPAIGN COUNTY**

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

17. INSURANCE POOLS (Continued)

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

C. County Employee Benefits Consortium of Ohio, Inc.

The County participates with the County Employee Benefits Consortium of Ohio, Inc. (CEBCO), an Ohio not-for-profit corporation with membership open to Ohio political subdivisions to collectively pool resources to purchase employee benefits. The County pays, on a monthly basis, the annual actuarially determined funding rate. Components of the funding rate include the claims fund contribution, incurred but not reported claims, a claims contingency reserve fund, as well as the fixed cost of the consortium. The business and affairs of the consortium are managed by a board of not less than nine or more than fifteen directors that exercise all powers of the consortium. Two thirds of the directors are County Commissioners of the member Counties and one third are employees of member Counties. Each member of the consortium is entitled to one vote. At all times, one director is required to be a member of the board of directors of the CCAO and another is required to be a board member of the County Risk Sharing Authority, Inc.

18. RELATED PARTY TRANSACTIONS

During 2012, Champaign County provided for certain operating expenses of Lawnview Industries and Home Options, Inc., component units of Champaign County, which reported \$615,790 and \$10,623, respectively, for such contributions.

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

Several other claims and lawsuits are pending against the County. In the opinion of the County Prosecuting Attorney, any potential liability would not have a material adverse effect on the financial statements.

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**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

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

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
U.S. DEPARTMENT OF AGRICULTURE FOOD AND NUTRITION SERVICE			
<i>(Passed through Ohio Department of Job and Family Services)</i>			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	G-1213-11-0019	10.561	\$182,168
Total U.S. Department of Agriculture Food and Nutrition Service			<u>182,168</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>(Passed through Ohio Department of Development)</i>			
Community Development Block Grants/State's Program	BF-11-1AK-1	14.228	27,713
	BC-11-1AK-1		36,890
	BF-09-1AK-1		11,806
	BF-10-1AK-1		36,101
	BC-09-1AK-1		6,390
Total Community Development Block Grants/State's Program			<u>118,900</u>
Home Investment Partnerships Program	BC-09-1AK-2	14.239	274
Total U.S. Department of Housing and Urban Development			<u>119,174</u>
U.S. DEPARTMENT OF JUSTICE			
<i>(Direct)</i>			
Bulletproof Vest Partnership Program	N/A	16.607	3,088
<i>(Passed through Ohio Department of Public Safety)</i>			
Edward Byrne Memorial Justice Assistance Grant Program	2011-JG-E01-6945	16.738	19,760
Total U.S. Department of Justice			<u>22,848</u>
U.S. DEPARTMENT OF LABOR			
<i>(Passed through Area 7 Workforce Investment Board)</i>			
Workforce Investment Act (WIA) Cluster:			
WIA Adult Program	N/A	17.258	106,018
WIA Adult Program - Administration	N/A		5,938
Total WIA Adult Program			<u>111,956</u>
WIA Youth Activities	N/A	17.259	76,847
WIA Youth Activities - Administration	N/A		1,321
Total WIA Youth Activities			<u>78,168</u>
WIA Dislocated Workers	N/A	17.278	106,240
WIA Dislocated Workers - Administration	N/A		11,162
Total WIA Dislocated Workers			<u>117,402</u>
Total Workforce Investment Act Cluster and Total U.S. Department of Labor			<u>307,526</u>
U.S. DEPARTMENT OF TRANSPORTATION			
<i>(Passed through Ohio Department of Transportation)</i>			
Highway Planning and Construction	PID 90478	20.205	45,378
	PID 92742		11,367
Total Highway Planning and Construction			<u>56,745</u>
Formula Grants for Other Than Urbanized Areas	RPT 0011 031112	20.509	30,505
	RPT 0011 032122		56,158
	RPT 4011 031111		5,877
	RPT 4011 032121		143,211
	RPT 7000 029091		176
Total Formula Grants for Other Than Urbanized Areas			<u>235,927</u>
Total U.S. Department of Transportation			<u>292,672</u>

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

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

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
U.S. DEPARTMENT OF EDUCATION			
<i>(Passed through Champaign County Family Children First Council)</i>			
Early Intervention Services (IDEA) Cluster: Special Education - Grants for Infants and Families		84.181	49,354
Total U.S. Department of Education			<u>49,354</u>
U.S. ELECTION ASSISTANCE COMMISSION			
<i>(Passed through Ohio Secretary of State)</i>			
Help America Vote Act Requirements Payments	N/A	90.401	1,021
Total U.S. Election Assistance Commission			<u>1,021</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>(Passed through Area Agency on Aging, Planning & Service Area)</i>			
Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers	FY12	93.044	29,083
<i>(Passed through Ohio Department of Job and Family Services)</i>			
Promoting Safe and Stable Families	G-1213-11-0019	93.556	43,520
Temporary Assistance for Needy Families	G-1213-11-0019	93.558	429,305
Child Support Enforcement	G-1213-11-0019	93.563	545,568
Child Care Cluster:			
Child Care and Development Block Grant	G-1213-11-0019	93.575	56,656
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	G-1213-11-0019	93.596	<u>(19,883)</u>
Total Child Care Block Grant			36,773
Child Welfare Services - State Grants	G-1213-11-0019	93.645	53,537
Foster Care Title IV-E	G-1213-11-0019	93.658	246,476
Adoption Assistance	G-1213-11-0019	93.659	89,930
Social Services Block Grant	G-1213-11-0019	93.667	284,059
<i>(Passed through Ohio Board of Developmental Disabilities)</i>			
Social Services Block Grant	N/A		<u>34,259</u>
Total Social Service Block Grant			318,318
<i>(Passed through Ohio Department of Job and Family Services)</i>			
Community Based Child Abuse Prevention Grants	G-1213-11-0019	93.590	808
Chaffee Foster Care Independence Program	G-1213-11-0019	93.674	3,389
State Children's Insurance Program	G-1213-11-0019	93.767	556
Medical Assistance Program:			
<i>(Passed through Ohio Department of Job and Family Services)</i>			
Medical Assistance Program	G-1213-11-0019	93.778	257,792
Medical Assistance Program - Ohio Home Care Waiver			260
Total Medical Assistance Program - Ohio Department of Job and Family Services			<u>258,052</u>
<i>(Passed through Ohio Board of Developmental Disabilities)</i>			
Medical Assistance Program	N/A	93.778	<u>46,796</u>
Total Medical Assistance Program			304,848

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

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

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<i>(Passed through Ohio Department of Job and Family Services - JEVS Human Services Ohio FMS)</i>			
Money Follows the Person Rebalancing Demonstration	N/A	93.791	7,000
Total U.S. Department of Health & Human Services			<u>2,109,111</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
<i>(Passed through Ohio Department of Public Safety)</i>			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	DR-4077	97.036	9,198
Emergency Management Performance Grants	DPSFE150 DPSFE170 DPSFE186	97.042	5,500 41,444 <u>34,990</u>
Total Emergency Management Performance Grants			81,934
Homeland Security Grant Program	DPSFE146 DPSFE154	97.067	5,164 <u>34,049</u>
Total Homeland Security Grant Program			39,213
Total U.S. Department of Homeland Security			<u>130,345</u>
Total Federal Financial Assistance			<u><u>\$3,214,219</u></u>

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

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – SUB-RECIPIENTS

The County passes certain federal awards received from Ohio Department of Development, Ohio Department of Developmental Disabilities, and Ohio Department of Job and Family Services to other governments or not-for-profit agencies (sub-recipients). As Note A describes, the County reports expenditures of Federal awards to sub-recipients when paid in cash.

As a sub-recipient, the county has certain compliance responsibilities, such as monitoring its sub-recipients to help assure they use these sub-awards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that sub-recipients achieve the award's performance goals.

NOTE C - 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 D – PRIOR YEAR PROGRAM EXPENDITURE ADJUSTMENTS

During the calendar year, the County Board of Developmental Disabilities received a refund for eFMAP (ARRA) funds for the Medicaid Program (CFDA #93.778) in the amount of \$712 from the Ohio Department of Developmental Disabilities. This refund was a correction to the eFMAP percentage for four billing cycles during July and August 2009. This revenue is not listed on the County's Schedule since the underlying expenses occurred in prior reporting periods.

During the calendar year, the County Board of Developmental Disabilities received a settlement for the 2007 Cost report from the Ohio Department of Developmental Disabilities for the Medicaid Program (CFDA #93.778) in the amount of \$4,623. The Cost Report settlement was for settlement of the difference between the statewide payment rate and the rate calculated based upon actual expenditures for Medicaid services. This revenue is not listed on the County's Schedule since the underlying expenses occurred in prior periods.



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*

Honorable Board of County Commissioners
Honorable County Auditor
Honorable County Treasurer
Champaign County
1512 South U.S. Highway 68, Suite B300
Urbana, Ohio 43078

To the Board of County Commissioners, County Auditor, and County Treasurer:

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, each major fund, and the aggregate remaining fund information of Champaign County, Ohio (the County), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 4, 2013, wherein we noted the County uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the County's financial statements. 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. We consider findings 2012-002 and 2012-003 described in the accompanying schedule of findings to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2012-001 and 2012-002.

Purpose of this Report

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



Dave Yost
Auditor of State

Columbus, Ohio

December 4, 2013



Dave Yost • Auditor of State

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

Honorable Board of County Commissioners
Honorable County Auditor
Honorable County Treasurer
Champaign County
1512 South U.S. Highway 68, Suite B300
Urbana, Ohio 43078

To the Board of County Commissioners, County Auditor, and County Treasurer:

Report on Compliance for Each Major Federal Program

We have audited Champaign 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 Champaign County's major federal programs for the year ended December 31, 2012. The *Summary of Audit Results* in the accompanying schedule of findings identifies the County's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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



Dave Yost
Auditor of State

Columbus, Ohio

December 4, 2013

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	No
(d)(1)(vii)	Major Programs (list):	<p>Workforce Investment Act (WIA) Cluster:</p> <ul style="list-style-type: none"> • CFDA 17.258 - WIA Adult Program • CFDA 17.259 - WIA Youth Activities • CFDA 17.278 - WIA Dislocated Workers <p>CFDA 93.563 - Child Support Enforcement</p> <p>CFDA 93.658 – Foster Care_Title IV-E</p> <p>CFDA 93.667 - Social Services Block Grant</p> <p>Medical Assistance Program – CFDA 93.778</p>
(d)(1)(viii)	Dollar Threshold: Type AIB Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

FINDING NUMBER 2012-001

Noncompliance

Annual Financial Reporting

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

Ohio Admin. Code Section 117-2-03 (B) requires the County to prepare its financial report in accordance with generally accepted accounting principles. However, the County prepares its financial statements in accordance with the cash basis of accounting. The accompanying financial statements and notes omit assets, liabilities, equities, and disclosures that, while material, cannot be determined at this time. The County can be fined and various other administrative remedies may be taken against the County for its failure to file the required financial report.

The County should prepare its annual report in accordance with the above requirements in order to improve financial reporting and accountability for all users.

FINDING NUMBER 2012-002

Noncompliance and Material Weakness

Children Services Receipts

Ohio Rev. Code Section 5101.144 states each county shall deposit all funds its public children services agency receives from appropriations made by the board of county commissioners or any other source for the purpose of providing children services into a special fund in the county treasury known as the children services fund. A county shall use money in the fund only for the purposes of meeting the expenses of providing children services.

In 2012, the Department of Job and Family Services posted two Children Service fund receipts to the Child Support Enforcement Fund. This resulted in an error of \$46,496. The error has been corrected by the County and is reflected in the accompanying financial statements.

The County posted adjustments to its ledgers and statements to reflect proper activity for these departments. The department should review each revenue amount carefully and properly determine to which job and family service fund the revenue belongs. This will help ensure revenues and associated expenditures are properly accounted for in each fund in which the county department is responsible.

FINDING NUMBER 2012-003

Material Weakness

OPWC (Issue 2) Grant Funds

The County was awarded Ohio Public Works Commission (OPWC) grants for three different projects in 2012. The grant agreements as well as Auditor of State Bulletin 2002-004 outline the accounting requirements for the OPWC grants. Although the County has established the required capital projects fund for the grants, the on-behalf revenues and expenditures were not posted to the accounting system. This resulted in understated revenues and expenditures by \$610,993. In addition, the OPWC funds sent directly to the County were posted to the Motor Vehicle License Gas Tax Fund. This resulted in overstated revenues and expenditures in that fund by \$13,609 and therefore also understated revenues and expenditures in the required capital projects fund by the same amount.

In addition, the County did not budget for the OPWC grant on its certificate of estimated resources or appropriations.

The Engineer and County Auditor should review the grant agreements and AoS Bulletin 2002-004 and implement procedures to ensure the OPWC grant revenues and expenditures are properly accounted for in the accounting system to help prevent understatement of revenues and expenditures associated with the projects. The County's statements have been adjusted to properly reflect the activity of the OPWC transactions; however since the activity results in a net effect of \$0, the ledgers were not required to be adjusted.

Officials' Responses:

We did not receive responses from Officials to these Findings.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2011-01	ORC 117.38 and OAC 117-2-03(B) – Failure to file GAAP financial report	No	Repeated as Finding 2012-001
2011-02	ORC 5705.39 – Appropriations exceeded estimated resources	Yes	
2011-03	ORC 5705.34 – Failure to authorize the necessary tax levies	Yes	
2011-04	ORC 319.54(C) – Real estate assessment and treasurer fees posted to incorrect funds	Yes	
2011-05	ORC 3125.191, 5705.09(F) and 3125.21 – Child support enforcement fund revenues posted to incorrect funds	Yes	
2011-06	ORC 5101.144 – Children Services fund revenues posted to incorrect fund	No	Repeated as Finding 2012-002
2011-07	24 CFR 85.20(b)(7) – Failure to comply with cash management for HOME Investment Partnerships Program	Yes	
2011-08	20 CFR Section 664.320(a) – Failure to comply with earmarking for Workforce Investment Act Cluster	No	Reported in a separate letter to management of the County



Dave Yost • Auditor of State

CHAMPAIGN COUNTY FINANCIAL CONDITION

CHAMPAIGN 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 24, 2013