



Dave Yost • Auditor of State



PICKAWAY COUNTY

TABLE OF CONTENTS

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report.....	1
Management's Discussion & Analysis .....	3
<b>BASIC FINANCIAL STATEMENTS</b>	
<u>Governmental Financial Statements</u>	
Statement of Net Assets .....	15
Statement of Activities.....	16
<u>Fund Financial Statements</u>	
Balance Sheet-Governmental Funds.....	18
Reconciliation of Total governmental Fund Balances To Net Assets of Governmental Activities.....	19
Statement of Revenues, Expenditures and Changes in Fund Balances- Governmental Funds .....	20
Reconciliation of the Statement of Revenues, Expenditures And Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	21
Statement of Revenues, Expenditures and Changes in Fund Balances Budget and Actual (Budget Basis)	
General Fund .....	22
Auto, License and Gas Tax Fund .....	23
Job and Family Services.....	24
Board of Developmental Disabilities Fund.....	25
Statement of Fund Net Assets- Proprietary Fund.....	26
Statement of Revenues, Expenses and Changes in Fund Net Assets-Proprietary Funds.....	27
Statement of Cash Flows- Proprietary Funds.....	28
Statement of Fiduciary Net Assets-Fiduciary Funds.....	29
Statement of Changes in Fiduciary Net Assets- Fiduciary Fund.....	30
Notes to the Basic Financial Statements .....	31
Federal Awards Expenditure Schedule.....	71
Notes to the Federal Awards Expenditure Schedule .....	74

PICKAWAY COUNTY

TABLE OF CONTENTS  
(Continued)

TITLE	PAGE
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	77
Independent Accountants' Report on Compliance with Requirements Applicable to the Major Federal Programs and on Internal Control Over Compliance in Accordance with OMB Circular A-133 .....	79
Schedule of Findings.....	81
Corrective Action Plan.....	86
Schedule of Prior Audit Findings.....	87



# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Pickaway County  
207 South Court Street  
Circleville, Ohio 43113

To the Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of Pickaway County, Ohio (the County), as of and for the year ended December 31, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of Pickaway County, Ohio, as of December 31, 2011, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General, Auto License and Gas Tax, Human Services and Board of Developmental Disabilities funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 4, during 2011, the County adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the County's basic financial statements taken as a whole. The federal awards expenditures schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The federal awards expenditures schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



**Dave Yost**  
Auditor of State

February 20, 2013

## PICKAWAY COUNTY

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2011 UNAUDITED**

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The discussion and analysis of Pickaway County's financial performance provides an overall review of the County's financial activities for the fiscal year ended December 31, 2011. The intent of this discussion and analysis is to look at the County's financial performance as a whole. Readers should also review the financial statements and notes to those respective statements to enhance their understanding of the County's financial performance.

#### **Financial Highlights**

Key financial highlights for 2011 are as follows:

- The assets of the County exceeded its liabilities at December 31, 2011, by \$65,040,080.
- The net assets of governmental activities increased \$2,575,581 which represents a 4 percent increase from 2010, while the net assets of business-type activities increased \$74,197, which represents a 12 percent increase.
- For 2011, all revenues of the County totaled \$34,202,732. General revenues accounted for \$15,950,650 in revenue or 46.64 percent of all revenues. Program revenues in the form of charges for services and grants and contributions accounted for \$18,252,082 or 53.36 percent of all revenues.
- The County had \$31,552,954 in total expenses: only \$18,252,082 of these expenses were offset by program specific charges for services, grants and contributions. General revenues were \$15,950,650 of which \$13,776,728 was taxes with the remaining \$2,173,922 interest, grants, entitlements and miscellaneous revenues.
- As of December 31, 2011, the County's governmental funds reported combined ending fund balances of \$22,240,077 an increase of \$49,507 or 0.22 percent in comparison with the prior year.

#### **Overview of the Financial Statements**

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

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

#### *Government-Wide Financial Statements*

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

PICKAWAY COUNTY

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
UNAUDITED**

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

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

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

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

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

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

*Fund Financial Statements*

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

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

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



PICKAWAY COUNTY

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
UNAUDITED**

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

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

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

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

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

PICKAWAY COUNTY

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
UNAUDITED**

**Government-Wide Financial Analysis**

You may recall that the statement of net assets provides the perspective of the County as a whole. Table 1 provides a summary of the County's net assets for 2011 compared to 2010:

Table 1  
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
<i>Assets:</i>						
Current and Other Assets	\$33,513,780	\$34,490,980	\$258,323	\$301,687	\$33,841,169	\$34,792,667
Capital Assets, Net	42,469,852	40,253,436	2,672,644	2,681,591	45,142,496	42,935,027
Total Assets	75,983,632	74,744,416	2,930,967	2,983,278	78,983,665	77,727,694
<i>Liabilities:</i>						
Current Liabilities	6,886,577	7,577,851	22,576	52,971	6,978,219	7,630,822
Long-Term Liabilities	4,854,891	5,499,784	2,110,475	2,206,588	6,965,366	7,706,372
Total Liabilities	11,741,468	13,077,635	2,133,051	2,259,559	13,943,585	15,337,194
<i>Net Assets:</i>						
Invested in Capital Assets, Net of Related Debt	42,011,913	39,583,223	562,169	475,003	42,574,082	40,058,226
<i>Restricted For:</i>						
Roads and Bridges	2,919,606	4,321,458	0	0	2,919,606	4,321,458
Developmental						
Disabilities	11,527,123	9,141,205	0	0	11,527,123	9,141,205
Debt Service	156,212	173,282	0	0	156,212	173,282
Capital Projects	0	2,013,528	0	0	0	2,013,528
Other Purposes	4,408,140	3,316,634	0	0	4,408,140	3,316,634
Unrestricted	3,219,170	3,117,451	235,747	248,716	3,454,917	3,366,167
Total Net Assets	\$64,242,164	\$61,666,781	\$797,916	\$723,719	\$65,040,080	\$62,390,500

Governmental current assets decreased for the year ended 2011 when compared with 2010. The majority of the decrease is due to a decrease in the cash and cash equivalents held by the County.

The increase in capital assets is due mostly to an increase in infrastructure, which includes improvements to roads and bridges.

The decrease in current liabilities for governmental activities is due mostly to a decrease in accrued wages in 2011.

The decrease in governmental long-term liabilities is the result of annual debt payments.

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$65,040,080 (\$64,242,164 in governmental activities and \$797,916 in business-type activities) at the end of the 2011 year.

The County's net assets are reflected in three categories: invested in capital assets, net of related debt, restricted and unrestricted.

**PICKAWAY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
UNAUDITED**

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The County's largest portion of net assets relates to invested in capital assets, net of related debt. This accounts for 65.46 percent of net assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to pay these liabilities.

The County's smallest portion of net assets is unrestricted which accounts for 5.31 percent of net assets.

The remaining balance of \$19,011,081 or 29.23 percent is restricted assets. The restricted net assets are subject to external restrictions on how they may be used.

Business-type current assets decreased due to a decrease in cash and cash equivalents. Capital assets decreased due to annual depreciation. Current liabilities for business-type activities decreased as a result of a decrease in contracts payable.

PICKAWAY COUNTY

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
UNAUDITED**

Table 2 shows the changes in net assets for 2011 compared to 2010.

Table 2  
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
<i>Program Revenues:</i>						
Charges for Services	\$4,752,086	\$4,378,936	\$380,999	\$348,178	\$5,133,085	\$4,727,114
Operating Grants & Contributions	13,048,496	14,395,788	0	0	13,048,496	14,395,788
Capital Grants & Contributions	70,501	0	0	0	70,501	0
<b>Total Program Revenues</b>	<b>17,871,083</b>	<b>18,774,724</b>	<b>380,999</b>	<b>348,178</b>	<b>18,252,082</b>	<b>19,122,902</b>
<i>General Revenues:</i>						
Property Taxes	7,058,675	6,226,882	0	0	7,058,675	6,226,882
Sales Taxes	6,718,053	5,883,970	0	0	6,718,053	5,883,970
Payments in Lieu of Taxes	447,440	594,295	0	0	447,440	594,295
Grants & Entitlements	416,128	1,602,393	0	0	416,128	1,602,393
Interest	257,143	296,912	0	0	257,143	296,912
Miscellaneous	1,051,963	915,215	1,248	24,405	1,053,211	939,620
<b>Total General Revenues</b>	<b>15,949,402</b>	<b>15,519,667</b>	<b>1,248</b>	<b>24,405</b>	<b>15,950,650</b>	<b>15,544,072</b>
<b>Total Revenues</b>	<b>33,820,485</b>	<b>34,294,391</b>	<b>382,247</b>	<b>372,583</b>	<b>34,202,732</b>	<b>34,666,974</b>
<i>Program Expenses:</i>						
<i>General Government:</i>						
Legislative & Executive	5,389,487	5,548,691	0	0	5,389,487	5,548,691
Judicial	2,229,389	2,261,208	0	0	2,229,389	2,261,208
Public Safety	7,073,921	7,122,353	0	0	7,073,921	7,122,353
Public Works	4,905,605	3,283,917	0	0	4,905,605	3,283,917
Health	3,868,359	3,710,086	0	0	3,868,359	3,710,086
Human Services	6,832,240	7,977,387	0	0	6,832,240	7,977,387
Conservation & Recreation	343,163	439,563	0	0	343,163	439,563
Economic Development & Assistance	425,254	574,986	0	0	425,254	574,986
Other	14,520	124,283	0	0	14,520	124,283
Interest & Fiscal Charges	162,966	30,762	0	0	162,966	30,762
Countywide Sewer	0	0	275,530	211,762	275,530	211,762
Instant Web Checks	0	0	32,520	75,879	32,520	75,879
<b>Total Program Expenses</b>	<b>31,244,904</b>	<b>31,073,236</b>	<b>308,050</b>	<b>287,641</b>	<b>31,552,954</b>	<b>31,360,877</b>
<b>Changes in Net Assets</b>	<b>2,575,581</b>	<b>3,221,155</b>	<b>74,197</b>	<b>84,942</b>	<b>2,649,778</b>	<b>3,306,097</b>
Net Assets at January 1	61,666,583	58,445,626	723,719	638,777	62,390,302	59,084,601
<b>Net Assets at December 31</b>	<b>\$64,242,164</b>	<b>\$61,666,781</b>	<b>\$797,916</b>	<b>\$723,719</b>	<b>\$65,040,080</b>	<b>\$62,390,500</b>

PICKAWAY COUNTY

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
UNAUDITED**

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**Governmental Activities**

The most significant program expenses for the County are Public Safety, Human Services, Legislative and Executive, Public Works, and Health. These programs account for 89.84 percent of the total governmental activities. Public Safety, which represents 22.64 percent of the total, represents costs mainly associated with the operation of the Sheriff's Department and County Jail. Human Services, which accounts for 21.87 percent of the total, represents costs associated with providing services for Workforce Investment Act, child support and enforcement assistance programs, welfare programs for families and individuals. These expenses reflect programs administered by Job and Family Services, Child Support Enforcement Agency and Children Services. Legislative and Executive expenses, which is 17.25 percent of the total, represents costs associated with the general administration of county government including the County Commissioners, Auditor, Treasurer, Prosecutor and Recorder. Public Works, which accounts for 15.70 percent of the total, represents costs associated with the operation of the County Engineer in maintaining the County's roads and bridges. Health, which accounts for 12.38 percent of the total, primarily represents costs associated with the services provided by the Board of Mental Retardation. Funding for the most significant programs indicated above is from charges for services, operating grants, and in some instances property and sales taxes. The Job and Family Services, Child Support Enforcement Agency, Children Services and Clerk of Courts are basically funded with federal and state monies. The operation of the Sheriff's Department and County Jail is funded through General Fund general revenues and per diem charges to house prisoners from other jurisdictions. The Board of Mental Retardation is partially funded by a voted property tax levy. The most significant funding sources for the County Engineer are motor vehicle license fees and gasoline taxes.

As noted previously, the net assets for the governmental activities increased \$2,575,581 or 4.18 percent. This change is similar to last year when net assets increased \$3,221,155 or 5.51 percent. Total revenues decreased \$473,906 or 1.38 percent from last year and expenses increased \$171,668 or 0.55 percent from last year.

Factors in the change in revenues are, despite significant increases in property taxes and sales taxes, which increased \$831,793 or 13.36 percent and \$834,083 or 14.18 percent, respectively, the County received significantly less funding in the form of unrestricted grants and entitlements.

Expenses increased 0.55 percent during 2011. Several factors led to this increase. Health increased \$158,273 or 4.27 percent which is due to increases in board of development disabilities spending. Public Works expenditures increased \$1,621,688 or 49.38 percent, which is due to decreases in Issue I funding from Ohio Public Works for road construction projects.

PICKAWAY COUNTY

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
UNAUDITED**

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

Table 3  
Governmental Activities

	Total Cost of Services 2011	Net Cost of Services 2011	Total Cost of Services 2010	Net Cost of Services 2010
<i>General Government:</i>				
Legislative and Executive	\$5,389,487	\$1,877,763	\$5,548,691	\$3,193,726
Judicial	2,229,389	1,361,152	2,261,208	909,032
Public Safety	7,073,921	5,210,725	7,122,353	6,275,929
Public Works	4,905,605	1,497,544	3,283,917	(1,330,004)
Health	3,868,359	1,778,215	3,710,086	1,122,617
Human Services	6,832,240	734,747	7,977,387	1,364,432
Conservation and Recreation	343,163	310,935	439,563	411,490
Economic Development and Assistance	425,254	425,254	574,986	199,245
Other	14,520	14,520	124,283	124,283
Interest and Fiscal Charges	162,966	162,966	30,762	30,762
<b>Total Expenses</b>	<b>\$31,244,904</b>	<b>\$13,373,821</b>	<b>\$31,073,236</b>	<b>\$12,298,512</b>

Of the \$31,244,904 total governmental activities expenses, \$17,871,083 or 57.20 percent was covered by direct charges to users of the services and intergovernmental grants. The majority of program revenues are grants, with the remaining portion consisting of fees and charges for services. These charges are for fees charged for real estate transfers, for the collection of property taxes throughout the County, for title fees and for court fees. Public Safety charges for services include items such as fees for boarding prisoners, patrolling subdivisions, and for special details. Health includes charges for services provided to clients of the Board of Developmental Disabilities. For Public Works, the County Engineer has fully funded their operations.

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

**Business-Type Activities**

This year, net assets increased by \$74,197 or 11.70 percent. For 2011, there was an increase in revenues and a decrease in expenses, which was the result of increased activity from customers during the year and a decrease in interest and fiscal charges.

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

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

## PICKAWAY COUNTY

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2011 UNAUDITED**

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As of the end of the current year, the County's governmental funds reported combined ending fund balances of \$22,240,077. Of this total, \$3,447,832 represents unassigned fund balance, which is available for appropriation at the government's discretion within certain legal constraints and purposes restrictions. A large amount of the governmental fund balances are restricted in the governmental fund statements, they lead to restricted net assets on the statement of net assets due to their being restricted for use for a particular purpose mandated by the source of the resources such as the state or federal government or the local tax levy.

The General Fund is the primary operating fund of the County. At the end of 2011, the unassigned fund balance of the General Fund was \$3,471,380. Unassigned fund balance represents 26.03 percent of expenditures. This is one measurement of the General Fund's liquidity. The fund balance of the General Fund increased by \$528,636, with revenues exceeding expenditures by \$692,657.

The Auto, License and Gas Tax Fund balance decreased by \$605,433 which is due to decreased grants revenue. The Job and Family Services Fund balance increased by \$2,783, which is the result of revenues exceeding expenditures. The Board of Developmental Disabilities Fund balance increased by \$2,146,104, which is the result of a decrease in expenditures.

**Proprietary Fund** - The County's significant proprietary fund is the Countywide Sewer Fund, which accounts for the providing of sewer services to several subdivisions. Net assets of this proprietary fund at year end were \$799,106, of which \$236,937 was unrestricted, which is an increase of \$74,082 or 10.22 percent.

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

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

The County had several revisions to the original appropriations approved by the County Commissioners. Overall these changes resulted in an increase in the original appropriations of 4.74 percent or \$616,308, from \$13,012,574 to \$13,628,882, in the General Fund. The majority of the increase occurred in the Public Safety and Legislative and Executive expenditure functions. The County spent 96.16 percent of the amount appropriated in the General Fund during 2011.

The General Fund's budgeted revenue essentially remained the same as the original amount during 2011. This is a result of a minimal increase in revenue from several sources. Fluctuations in growth and diversity have typically not occurred in Pickaway County, allowing departmental managers the ability to consistently predict revenues. The County does not increase its estimated revenues unless there are insufficient revenues to cover the total appropriations of the General Fund.

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

##### *Capital Assets*

The County's investment in capital assets for its governmental and business-type activities as of December 31, 2011 amounts to \$42,574,082 (net of related debt). This investment in capital assets includes land and improvements, buildings and improvements, improvements other than buildings, machinery and equipment, furniture and fixtures, vehicles, and infrastructure.

PICKAWAY COUNTY

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
UNAUDITED**

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For more information regarding the County's capital assets, see Note 8 of the notes to the basic financial statements.

*Debt*

Outstanding special assessment bonds at December 31, 2011, totaled \$107,000 with \$30,000 being retired during the year. Special assessment bonds are backed by the full faith and credit of the County. In the event of payment default by the property owners, the County would be responsible for the debt service payments.

General obligation notes outstanding at December 31, 2011 were \$322,675 with \$319,188 being retired during the year. These notes relate to proceeds used to purchase equipment for the County Engineer, purchase a sign for the Pickaway County Agricultural Society, and reconstruction of roads and sidewalks.

General obligation bonds at December 31, 2011 were \$2,820,615 with \$175,000 being retired during the year. These bonds relate to proceeds used to renovate all County buildings with improvements meant for energy savings.

Loans outstanding at December 31, 2011 were \$232,425 from the Ohio Public Works Commission; \$12,913 was retired during 2011. This loan relates to proceeds used to complete renovations of the Cromley Road Bridge Replacement Project.

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

**Economic Factors**

The County's budget for the general fund in 2012 was conservative. Revenues are projected to come in just slightly higher than the amount that was actually received in 2011. Appropriations for 2012 are expected to increase over the actual expenditures for 2011. The ending fund balance for 2012 is expected to be substantially less than what it was in 2011.

Much of the reason for the conservative budget centers on the slow down in economic growth and uncertainty of the future economic climate. The County continues to have an unemployment rate that is slightly higher than the state and federal rates. The state legislature has continued to reduce the amounts for state based programs including local government, local government revenue assistance and state funded grant programs, which may require more local support in order to maintain the current level of service. The phase out of the personal property tax on business inventory continues and also the elimination of the personal property tax exemption reimbursement from the state.

A decrease in the amount of interest income earned by the County is projected based on a decline of interest rates by the Federal Reserve, but the County hopes to realize an increase in sales tax revenue in 2011. The Super Wal-Mart Facility continues to see new construction which has brought more retail stores and restaurants to our community. Our Economic Development Director and the Pickaway Progress Partnership (formerly CIC) is working hard at marketing Pickaway County with the goal of bringing new business to the County, which would enhance our Sales Tax and Real Estate revenues. Listed are some of those accomplishments.

**DuPont:** The Company completed construction of its \$300 Tedlar Solar Film line that will create 70 new jobs

**Aleris:** Aleris announced plans for a \$34 million expansion of its plant in northern Pickaway County. The project will improve efficiency of the site resulting in the creation of 68 new full-time positions.

**P3/OCU/TechColumbus Business Incubator:** Planning began in late 2011 for the creation of a business incubator on the campus of Ohio Christian University (OCU). P3 secured \$200,000 in local funds to be matched with an equivalent amount of State of Ohio 3<sup>rd</sup> Frontier funds for TechColumbus. TechColumbus will provide operational support in the development of a comprehensive business incubation program at OCU. The incubator will provide an array of support services and funding to help entrepreneurs develop and grow new businesses in Pickaway County.



## PICKAWAY COUNTY

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2011 UNAUDITED**

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**P3/PCN Agribusiness Development Plan:** P3 secured a \$10,000 grant from Ohio State University for the development of an Agribusiness Development and Marketing Plan. This plan will provide the Agriculture Committee of the Pickaway Competitiveness Network with new strategies to be used in attracting and developing value-added agribusiness in Pickaway County.

**Pickaway East-West Connector:** This project has been identified as a high priority by numerous groups in the central Ohio region such as MORPC, the Columbus Region Logistics Council, and Columbus 2020. With the help of congressional earmarks, an environmental study was commenced in 2010. Funding has been allocated through the State of Ohio TRAC for detail design work began in 2011. P3 was also successful in lobbying for a \$2 million federal appropriation for right of way acquisition that can begin after the detail design phase.

**U.S. EPA Brownfield Grants:** Through the end of 2011, ten Phase I environmental site assessments and three Phase II assessments were completed on sites in Circleville. The sites included the former Manna Pro Mill and Circleville School Buildings.

**Pickaway County Park Board:** P3 helped the park board secure a \$150,000 grant from the Ohio Department of Natural Resources for a hiking/biking trail. Survey work and acquisition of old rail right-of-way from Dayton Power & Light was completed in December of 2010. Plans are in place for a paved trail system to extend from Circleville to the western border of Pickaway County.

P3 has also assisted the Pickaway County Park Board in the application for another grant that would create a trail system linking the Circleville YMCA, Circleville City Schools and Ohio Christian University campuses in the first of two phases. Phase two would connect these sites with a new city park and A.W. Marion State Park.

**Former Smurfit Paper Mill:** With the help of a State of Ohio Clean Ohio Fund grant, all environmental contaminants have been removed from the former paper mill. Demolition of the site began in the 1<sup>st</sup> quarter of 2011. The site will be ready for redevelopment as soon as the Ohio EPA finishes a final site inspection sometime in 2012.

**Pickaway Progress Park:** P3 secured a \$3.5 million Jobs Ready Site Grant from the Ohio Department of Development. The grant funds will be used to develop roads and utility infrastructure in the Pickaway Progress Industrial Park. When completed, the site will have over 220 acres of prime industrial land and be one of only a few certified Jobs Read Sites in the state.

#### **Requests for Information**

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

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PICKAWAY COUNTY

STATEMENT OF NET ASSETS  
DECEMBER 31, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Pickaway County Airport Authority
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 20,224,876	\$ 179,519	\$ 20,404,395	\$ 450,770
Cash and Cash Equivalents in Segregated Accounts	140,220	-	140,220	-
Cash and Cash Equivalents With Escrow Agents	68,038	-	68,038	-
Materials and Supplies Inventory	444,243	-	444,243	-
Accrued Interest Receivable	61,471	-	61,471	-
Accounts Receivable	2,051	53,266	55,317	2,530
Intergovernmental Receivable	4,261,497	25,538	4,287,035	-
Sales Taxes Receivable	1,010,673	-	1,010,673	-
Property Taxes Receivable	6,842,542	-	6,842,542	-
Special Assessments Receivable	87,010	-	87,010	-
Notes Receivable	7,600	-	7,600	-
Prepaid Items	247,021	-	247,021	-
Deferred Charges	116,538	-	116,538	-
Nondepreciable Capital Assets	731,102	369,977	1,101,079	474,164
Depreciable Capital Assets, Net	41,738,750	2,302,667	44,041,417	1,228,839
<i>Total Assets</i>	<u>75,983,632</u>	<u>2,930,967</u>	<u>78,914,599</u>	<u>2,156,303</u>
<b>Liabilities:</b>				
Accounts Payable	340,166	-	340,166	12,062
Accrued Wages and Benefits	1,299,829	6,931	1,306,760	-
Contracts Payable	55,847	4,671	60,518	186,254
Intergovernmental Payable	166,195	10,974	177,169	-
Matured Compensated Absences	58,584	-	58,584	-
Accrued Interest Payable	11,216	-	11,216	-
Deferred Revenue	4,933,234	-	4,933,234	-
Deposits Held and Due To Others	21,506	-	21,506	-
<i>Long-Term Liabilities:</i>				
Due Within One Year	1,391,656	125,586	1,517,242	-
Due In More Than One Year	3,463,235	1,984,889	5,448,124	-
<i>Total Liabilities</i>	<u>11,741,468</u>	<u>2,133,051</u>	<u>13,874,519</u>	<u>198,316</u>
<b>Net Assets:</b>				
Invested in Capital Assets, Net of Related Debt	42,011,913	472,836	42,484,749	1,703,003
<i>Restricted for:</i>				
Auto License and Gas Tax	2,919,606	-	2,919,606	-
Developmental Disabilities	11,527,123	-	11,527,123	-
Debt Service	156,212	-	156,212	-
Capital Projects	-	-	-	92,249
Other Purposes	4,408,140	-	4,408,140	-
Unrestricted	3,219,170	325,080	3,544,250	162,735
<i>Total Net Assets</i>	<u>\$ 64,242,164</u>	<u>\$ 797,916</u>	<u>\$ 65,040,080</u>	<u>\$ 1,957,987</u>

See accompanying notes to the basic financial statements

**PICKAWAY COUNTY**  
**STATEMENT OF ACTIVITIES**  
**DECEMBER 31, 2011**

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
<i>Current:</i>				
<i>General Government:</i>				
Legislative and Executive	\$ 5,389,487	\$ 2,551,264	\$ 960,460	\$ -
Judicial	2,229,389	717,807	150,430	-
Public Safety	7,073,921	810,701	1,052,495	-
Public Works	4,905,605	189,141	3,148,419	70,501
Health	3,868,359	266,600	1,823,544	-
Human Services	6,832,240	184,345	5,913,148	-
Conservation and Recreation	343,163	32,228	-	-
Community and Economic Development	425,254	-	-	-
Other	14,520	-	-	-
Interest and Fiscal Charges	162,966	-	-	-
<i>Total Governmental Activities</i>	<u>31,244,904</u>	<u>4,752,086</u>	<u>13,048,496</u>	<u>70,501</u>
<b>Business-Type Activities:</b>				
Countywide Sewer	275,530	348,364	-	-
Instant Web Checks	32,520	32,635	-	-
<i>Total Business-Type Activities</i>	<u>308,050</u>	<u>380,999</u>	<u>-</u>	<u>-</u>
<i>Total Primary Government</i>	<u>\$ 31,552,954</u>	<u>\$ 5,133,085</u>	<u>\$ 13,048,496</u>	<u>\$ 70,501</u>
<b>Component Units:</b>				
Pickaway County Airport Authority	135,397	155,654	-	301,183
<i>Total Component Units</i>	<u>\$ 135,397</u>	<u>\$ 155,654</u>	<u>\$ -</u>	<u>\$ 301,183</u>

**General Revenues:**

*Property Taxes Levied for:*

General Purposes  
Health  
Debt Service

*Sales Tax for:*

General Purposes  
Capital Projects

Payments in Lieu of Taxes

Grants and Entitlements not Restricted to Specific Programs

Investment Earnings

Miscellaneous

*Total General Revenues*

Changes in Net Assets

*Net Assets at Beginning of Year, Restated*

*Net Assets at End of Year*

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Units
Governmental Activities	Business-Type Activities	Total	Pickaway County Airport Authority
\$ (1,877,763)	\$ -	\$ (1,877,763)	\$ -
(1,361,152)	-	(1,361,152)	-
(5,210,725)	-	(5,210,725)	-
(1,497,544)	-	(1,497,544)	-
(1,778,215)	-	(1,778,215)	-
(734,747)	-	(734,747)	-
(310,935)	-	(310,935)	-
(425,254)	-	(425,254)	-
(14,520)	-	(14,520)	-
<u>(162,966)</u>	<u>-</u>	<u>(162,966)</u>	<u>-</u>
<u>(13,373,821)</u>	<u>-</u>	<u>(13,373,821)</u>	<u>-</u>
-	72,834	72,834	-
-	115	115	-
-	<u>72,949</u>	<u>72,949</u>	-
<u>(13,373,821)</u>	<u>72,949</u>	<u>(13,300,872)</u>	<u>-</u>
-	-	-	321,440
-	-	-	<u>321,440</u>
2,997,720	-	2,997,720	-
4,055,011	-	4,055,011	-
5,944	-	5,944	-
6,685,374	-	6,685,374	-
32,679	-	32,679	-
447,440	-	447,440	-
416,128	-	416,128	-
257,143	-	257,143	-
<u>1,051,963</u>	<u>1,248</u>	<u>1,053,211</u>	<u>4,588</u>
<u>15,949,402</u>	<u>1,248</u>	<u>15,950,650</u>	<u>4,588</u>
2,575,581	74,197	2,649,778	326,028
<u>61,666,583</u>	<u>723,719</u>	<u>62,390,302</u>	<u>1,631,959</u>
<u>\$ 64,242,164</u>	<u>\$ 797,916</u>	<u>\$ 65,040,080</u>	<u>\$ 1,957,987</u>

PICKAWAY COUNTY

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2011**

	General	Auto, License and Gas Tax	Job and Family Services	Board of Developmental Disabilities	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>						
Equity in Pooled Cash and Cash Equivalents	\$ 3,147,918	\$ 811,804	\$ 39,863	\$ 11,121,581	\$ 5,103,710	\$ 20,224,876
Cash and Cash Equivalents In Segregated Accounts	68,053	-	-	-	72,167	140,220
Cash and Cash Equivalents With Escrow Agents	-	-	-	-	68,038	68,038
Materials and Supplies Inventory	49,505	391,555	3,183	-	-	444,243
Accounts Receivable	2,051	-	-	-	-	2,051
Accrued Interest Receivable	61,458	-	-	-	13	61,471
Interfund Receivable	61,720	-	-	-	-	61,720
Intergovernmental Receivable	564,589	2,068,095	467,855	238,463	922,495	4,261,497
Prepaid Items	127,002	-	103,072	13,203	3,744	247,021
Sales Taxes Receivable	977,994	-	-	-	32,679	1,010,673
Property Taxes Receivable	2,673,251	-	-	3,613,394	555,897	6,842,542
Special Assessments Receivable	-	-	-	-	87,010	87,010
Notes Receivable	-	-	-	-	7,600	7,600
<b>Total Assets</b>	<b>\$ 7,733,541</b>	<b>\$ 3,271,454</b>	<b>\$ 613,973</b>	<b>\$ 14,986,641</b>	<b>\$ 6,853,353</b>	<b>\$ 33,458,962</b>
<b>Liabilities:</b>						
Accounts Payable	\$ 134,883	\$ 30,644	\$ 11,253	\$ 60,741	\$ 102,645	\$ 340,166
Accrued Wages and Benefits	698,758	148,230	170,585	146,322	135,934	1,299,829
Contracts Payable	-	-	-	-	55,847	55,847
Intergovernmental Payable	80,982	-	-	2,730	82,483	166,195
Matured Compensated Absences	15,191	-	43,393	-	-	58,584
Interfund Payable	-	-	-	-	61,720	61,720
Deferred Revenue	3,112,828	1,311,114	-	3,828,062	963,034	9,215,038
Deposits Held and Due To Others	21,506	-	-	-	-	21,506
<b>Total Liabilities</b>	<b>4,064,148</b>	<b>1,489,988</b>	<b>225,231</b>	<b>4,037,855</b>	<b>1,401,663</b>	<b>11,218,885</b>
<b>Fund Balances:</b>						
Nonspendable	198,013	391,555	106,255	13,203	3,744	712,770
Restricted	-	1,389,911	282,487	10,935,583	4,073,506	16,681,487
Committed	-	-	-	-	1,378,013	1,378,013
Assigned	-	-	-	-	19,975	19,975
Unassigned	3,471,380	-	-	-	(23,548)	3,447,832
<b>Total Fund Balances (Deficit)</b>	<b>3,669,393</b>	<b>1,781,466</b>	<b>388,742</b>	<b>10,948,786</b>	<b>5,451,690</b>	<b>22,240,077</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 7,733,541</b>	<b>\$ 3,271,454</b>	<b>\$ 613,973</b>	<b>\$ 14,986,641</b>	<b>\$ 6,853,353</b>	<b>\$ 33,458,962</b>

See accompanying notes to the basic financial statements

PICKAWAY COUNTY

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2011

Total Governmental Funds Balances \$ 22,240,077

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

Capital assets used in governmental activities are not financial  
resources and therefore are not reported in the funds. 42,469,852

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

Property Taxes	717,489	
Sales Tax	1,064,954	
Intergovernmental Revenue	2,273,943	
Special Assessments	225,418	
Total		4,281,804

In the statement of activities, interest is accrued on outstanding debt,  
whereas in the governmental funds an interest expenditure is  
reported when due. (11,216)

Long-term liabilities, including notes payable, are not due and  
payable in the current period and therefore are not  
reported in the funds:

General Obligation Notes	(322,675)	
General Obligation Bonds	(2,820,615)	
Deferred Charges	116,538	
OPWC Loans Payable	(232,425)	
Special Assessment Bonds	(107,000)	
Capital Leases Payable	(66,596)	
Compensated Absences	(1,305,580)	
Total		(4,738,353)

Net Assets of Governmental Activities \$ 64,242,164

See accompanying notes to the basic financial statements

PICKAWAY COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 DECEMBER 31, 2011

	General	Auto, License and Gas Tax	Job and Family Services	Board of Developmental Disabilities	All Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
Property Taxes	\$ 2,843,183	\$ -	\$ -	\$ 3,843,088	\$ 13,944	\$ 6,700,215
Sales Tax	6,290,051	-	-	-	32,679	6,322,730
Payments in Lieu of Taxes	-	-	-	-	444,043	444,043
Special Assessments	-	-	-	-	54,314	54,314
Charges for Services	2,665,530	93,555	-	139,292	1,426,552	4,324,929
Licenses and Permits	46,245	-	-	-	-	46,245
Fines and Forfeitures	142,061	374	-	-	184,163	326,598
Intergovernmental	1,423,315	3,895,318	3,501,780	1,783,397	3,946,530	14,550,340
Interest	245,449	9,165	-	-	2,529	257,143
Rent	59,713	-	-	-	-	59,713
Other	312,460	29,878	97,989	38,770	513,153	992,250
<b>Total Revenues</b>	<b>14,028,007</b>	<b>4,028,290</b>	<b>3,599,769</b>	<b>5,804,547</b>	<b>6,617,907</b>	<b>34,078,520</b>
<b>Expenditures:</b>						
<i>Current:</i>						
<i>General Government:</i>						
Legislative and Executive	4,199,256	-	-	-	769,501	4,968,757
Judicial	1,828,491	-	-	-	410,937	2,239,428
Public Safety	6,026,833	-	-	-	718,394	6,745,227
Public Works	116,790	4,620,810	-	-	22,136	4,759,736
Health	59,593	-	-	3,658,443	125,340	3,843,376
Human Services	748,890	-	3,596,986	-	2,480,194	6,826,070
Conservation and Recreation	316,250	-	-	-	23,776	340,026
Community and Economic Development	-	-	-	-	425,254	425,254
Other	14,520	-	-	-	-	14,520
Capital Outlay	-	-	-	-	3,202,462	3,202,462
<i>Debt Service:</i>						
Principal Retirement	19,744	12,913	-	-	527,864	560,521
Interest and Fiscal Charges	4,983	-	-	-	149,849	154,832
<b>Total Expenditures</b>	<b>13,335,350</b>	<b>4,633,723</b>	<b>3,596,986</b>	<b>3,658,443</b>	<b>8,855,707</b>	<b>34,080,209</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>692,657</b>	<b>(605,433)</b>	<b>2,783</b>	<b>2,146,104</b>	<b>(2,237,800)</b>	<b>(1,689)</b>
<b>Other Financing Sources (Uses):</b>						
Inception of Capital Lease	33,489	-	-	-	17,707	51,196
Transfers In	12,566	-	-	-	506,420	518,986
Transfers Out	(210,076)	-	-	-	(308,910)	(518,986)
<b>Total Other Financing Sources (Uses)</b>	<b>(164,021)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>215,217</b>	<b>51,196</b>
<b>Net Change in Fund Balances</b>	<b>528,636</b>	<b>(605,433)</b>	<b>2,783</b>	<b>2,146,104</b>	<b>(2,022,583)</b>	<b>49,507</b>
<b>Fund Balances (Deficit) at Beginning of Year, As Restated</b>	<b>3,140,757</b>	<b>2,386,899</b>	<b>385,959</b>	<b>8,802,682</b>	<b>7,474,273</b>	<b>22,190,570</b>
<b>Fund Balances (Deficit) at End of Year</b>	<b>\$ 3,669,393</b>	<b>\$ 1,781,466</b>	<b>\$ 388,742</b>	<b>\$ 10,948,786</b>	<b>\$ 5,451,690</b>	<b>\$ 22,240,077</b>

See accompanying notes to the basic financial statements



PICKAWAY COUNTY

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
DECEMBER 31, 2011**

**Net Change in Fund Balances - Total Governmental Funds** \$ 49,507

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

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

Capital Asset Additions	4,804,126	
Depreciation	(2,587,710)	
Total	2,216,416	2,216,416

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Property Taxes	144,439	
Sales Tax	482,333	
Intergovernmental Revenue	(1,084,281)	
Special Assessments	130,408	
Total	(327,101)	(327,101)

Repayment of principal of long-term liabilities (e.g. bonds, notes, leases) is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 560,521

Bond issuance costs are reported as expenditures in the governmental funds when due, but in the Statement of Activities these costs are accrued as deferred charges. (8,324)

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

Inception of Capital Leases (51,196)

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 190

Compensated absences expense reported in the statement of activities does not require the use of current financial resources and therefore is not reported as an expenditure in governmental funds. 135,568

**Changes in Net Assets of Governmental Activities** \$ 2,575,581

See accompanying notes to the basic financial statements

PICKAWAY COUNTY

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)  
GENERAL FUND  
DECEMBER 31, 2011**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Property Taxes	\$ 2,924,000	\$ 2,924,000	\$ 2,843,183	\$ (80,817)
Sales Tax	5,767,750	5,700,000	6,290,605	590,605
Charges for Services	1,963,340	2,028,090	2,433,895	405,805
Licenses and Permits	52,350	56,350	46,245	(10,105)
Fines and Forfeitures	180,522	129,950	146,660	16,710
Intergovernmental	1,494,386	1,544,958	1,437,201	(107,757)
Interest	214,000	214,000	227,614	13,614
Rent	75,000	75,000	59,713	(15,287)
Other	263,300	254,714	319,059	64,345
<i>Total Revenues</i>	<u>12,934,648</u>	<u>12,927,062</u>	<u>13,804,175</u>	<u>877,113</u>
<b>Expenditures:</b>				
<i>Current:</i>				
<i>General Government:</i>				
Legislative and Executive	4,380,458	4,533,088	4,224,496	308,592
Judicial	1,583,193	1,630,125	1,578,788	51,337
Public Safety	5,544,224	5,924,158	5,880,399	43,759
Public Works	113,052	116,952	114,155	2,797
Health	114,200	97,813	54,362	43,451
Human Services	936,197	764,714	749,063	15,651
Conservation and Recreation	316,250	316,250	275,000	41,250
Other	25,000	33,205	17,126	16,079
<i>Total Expenditures</i>	<u>13,012,574</u>	<u>13,416,305</u>	<u>12,893,389</u>	<u>522,916</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(77,926)</u>	<u>(489,243)</u>	<u>910,786</u>	<u>1,400,029</u>
<b>Other Financing Sources (Uses):</b>				
Advances In	-	-	33,356	33,356
Advances Out	-	-	(26,389)	(26,389)
Transfers In	-	2,500	55,067	52,567
Transfers Out	-	(212,577)	(212,577)	-
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>(210,077)</u>	<u>(150,543)</u>	<u>59,534</u>
<i>Net Change in Fund Balance</i>	<u>(77,926)</u>	<u>(699,320)</u>	<u>760,243</u>	<u>1,459,563</u>
<i>Fund Balance at Beginning of Year</i>	<u>2,030,201</u>	<u>2,030,201</u>	<u>2,030,201</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ 1,952,275</u>	<u>\$ 1,330,881</u>	<u>\$ 2,790,444</u>	<u>\$ 1,459,563</u>

See accompanying notes to the basic financial statements

PICKAWAY COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)  
 AUTO, LICENSE AND GAS TAX FUND  
 DECEMBER 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Charges for Services	\$ 65,000	\$ 65,000	\$ 93,010	\$ 28,010
Fines and Forfeitures	300	300	374	74
Intergovernmental	3,855,123	3,855,123	3,974,081	118,958
Interest	-	-	9,165	9,165
Other	82,091	60,000	29,878	(30,122)
<i>Total Revenues</i>	<u>4,002,514</u>	<u>3,980,423</u>	<u>4,106,508</u>	<u>126,085</u>
<b>Expenditures:</b>				
<i>Current:</i>				
Public Works	3,983,617	5,310,686	4,898,371	412,315
<i>Total Expenditures</i>	<u>3,983,617</u>	<u>5,310,686</u>	<u>4,898,371</u>	<u>412,315</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	18,897	(1,330,263)	(791,863)	538,400
<i>Fund Balance at Beginning of Year</i>	1,364,001	1,364,001	1,364,001	-
<i>Prior Year Encumbrances Appropriated</i>	61,102	61,102	61,102	-
<i>Fund Balance at End of Year</i>	<u>\$ 1,444,000</u>	<u>\$ 94,840</u>	<u>\$ 633,240</u>	<u>\$ 538,400</u>

See accompanying notes to the basic financial statements

PICKAWAY COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)  
 JOB AND FAMILY SERVICES FUND  
 DECEMBER 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 3,044,364	\$ 3,511,032	\$ 3,455,627	\$ (55,405)
Other	1,417,701	90,033	97,989	7,956
<i>Total Revenues</i>	<u>4,462,065</u>	<u>3,601,065</u>	<u>3,553,616</u>	<u>(47,449)</u>
<b>Expenditures:</b>				
<i>Current:</i>				
Human Services	4,462,065	3,601,505	3,569,487	32,018
<i>Total Expenditures</i>	<u>4,462,065</u>	<u>3,601,505</u>	<u>3,569,487</u>	<u>32,018</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	-	(440)	(15,871)	(15,431)
<i>Fund Balance at Beginning of Year</i>	<u>55,736</u>	<u>55,736</u>	<u>55,736</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ 55,736</u>	<u>\$ 55,296</u>	<u>\$ 39,865</u>	<u>\$ (15,431)</u>

See accompanying notes to the basic financial statements

PICKAWAY COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)  
 BOARD OF DEVELOPMENTAL DISABILITIES FUND  
 DECEMBER 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property Taxes	\$ 3,525,000	\$ 3,525,000	\$ 3,843,088	\$ 318,088
Charges for Services	100,000	100,000	139,292	39,292
Intergovernmental	1,968,500	1,888,500	1,797,215	(91,285)
Other	50,000	50,000	38,770	(11,230)
<i>Total Revenues</i>	<u>5,643,500</u>	<u>5,563,500</u>	<u>5,818,365</u>	<u>254,865</u>
<b>Expenditures:</b>				
<i>Current:</i>				
Health	4,905,000	4,905,000	3,635,003	1,269,997
<i>Total Expenditures</i>	<u>4,905,000</u>	<u>4,905,000</u>	<u>3,635,003</u>	<u>1,269,997</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>738,500</u>	<u>658,500</u>	<u>2,183,362</u>	<u>1,524,862</u>
<b>Other Financing Sources (Uses):</b>				
Transfers In	1,235,000	1,235,000	-	(1,235,000)
Transfers Out	(1,235,000)	(1,235,000)	-	1,235,000
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	738,500	658,500	2,183,362	1,524,862
<i>Fund Balance Beginning of Year</i>	<u>8,938,219</u>	<u>8,938,219</u>	<u>8,938,219</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 9,676,719</u>	<u>\$ 9,596,719</u>	<u>\$ 11,121,581</u>	<u>\$ 1,524,862</u>

See accompanying notes to the basic financial statements

PICKAWAY COUNTY

STATEMENT OF FUND NET ASSETS  
 PROPRIETARY FUNDS  
 DECEMBER 31, 2011

	Business-Type Activities		
	Countywide Sewer	Other Enterprise Fund	Total
<b>Assets:</b>			
<i>Current Assets:</i>			
Equity in Pooled Cash and Cash Equivalents	\$ 169,865	\$ 9,654	\$ 179,519
Accounts Receivable	53,266	-	53,266
Intergovernmental Receivable	25,538	-	25,538
<i>Total Current Assets</i>	<u>248,669</u>	<u>9,654</u>	<u>258,323</u>
<i>Noncurrent Assets:</i>			
Nondepreciable Capital Assets	369,977	-	369,977
Depreciable Capital Assets, Net	2,302,667	-	2,302,667
<i>Total Noncurrent Assets</i>	<u>2,672,644</u>	<u>-</u>	<u>2,672,644</u>
<i>Total Assets</i>	<u>2,921,313</u>	<u>9,654</u>	<u>2,930,967</u>
<b>Liabilities:</b>			
<i>Current Liabilities:</i>			
Accrued Wages and Benefits	6,931	-	6,931
Contracts Payable	4,671	-	4,671
Intergovernmental Payable	130	10,844	10,974
OPWC Loans Payable	20,000	-	20,000
OWDA Loans Payable	105,586	-	105,586
<i>Total Current Liabilities</i>	<u>137,318</u>	<u>10,844</u>	<u>148,162</u>
<i>Long-Term Liabilities:</i>			
OPWC Loans Payable	240,000	-	240,000
OWDA Loans Payable	1,744,889	-	1,744,889
<i>Total Long-Term Liabilities</i>	<u>1,984,889</u>	<u>-</u>	<u>1,984,889</u>
<i>Total Liabilities</i>	<u>2,122,207</u>	<u>10,844</u>	<u>2,133,051</u>
<b>Net Assets:</b>			
Invested in Capital Assets, Net of Related Debt	562,169	-	562,169
Unrestricted	236,937	(1,190)	235,747
<i>Total Net Assets</i>	<u>\$ 799,106</u>	<u>\$ (1,190)</u>	<u>\$ 797,916</u>

See accompanying notes to the basic financial statements

PICKAWAY COUNTY

STATEMENT OF REVENUES,  
EXPENSES AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
DECEMBER 31, 2011

	Business - Type Activities		
	Countywide Sewer	Other Enterprise Fund	Total
<b>Operating Revenues:</b>			
Charges for Services	\$ 348,364	\$ 32,635	\$ 380,999
Other	1,248	-	1,248
<i>Total Operating Revenues</i>	<u>349,612</u>	<u>32,635</u>	<u>382,247</u>
<b>Operating Expenses:</b>			
Personal Services	36,988	-	36,988
Fringe Benefits	5,090	-	5,090
Contractual Services	193,109	20,633	213,742
Materials and Supplies	1,923	-	1,923
Depreciation	38,420	-	38,420
Other	-	11,887	11,887
<i>Total Operating Expenses</i>	<u>275,530</u>	<u>32,520</u>	<u>308,050</u>
<i>Change in Net Assets</i>	74,082	115	74,197
<i>Net Assets at Beginning of Year, Restated</i>	<u>725,024</u>	<u>(1,305)</u>	<u>723,719</u>
<i>Net Assets at End of Year</i>	<u>\$ 799,106</u>	<u>\$ (1,190)</u>	<u>\$ 797,916</u>

See accompanying notes to the basic financial statements

PICKAWAY COUNTY

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 DECEMBER 31, 2011

	Business - Type Activities		
	Countywide Sewer	Other Enterprise Fund	Total
<b>Increase (Decrease) in Cash and Cash Equivalents</b>			
<b>Cash Flows from Operating Activities:</b>			
Cash Received from Customers	\$ 341,398	\$ 32,635	\$ 374,033
Cash Received from Other Revenues	1,248	-	1,248
Cash Payments to Employees for Services and Benefits	(37,297)	-	(37,297)
Cash Payments for Goods and Services	(1,923)	-	(1,923)
Cash Payments for Contract Services	(225,768)	(23,150)	(248,918)
Cash Payments for Other Expenses	-	(11,887)	(11,887)
<i>Net Cash from Operating Activities</i>	<u>77,658</u>	<u>(2,402)</u>	<u>75,256</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Cash Proceeds Received from OWDA Loans	29,473	-	29,473
Principal Paid on OPWC Loan	(20,000)	-	(20,000)
Principal Paid on OWDA Loans	(105,586)	-	(105,586)
Payments for Acquisition of Capital Assets	(29,473)	-	(29,473)
<i>Net Cash from Capital and Related Financing Activities</i>	<u>(125,586)</u>	<u>-</u>	<u>(125,586)</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	<u>(47,928)</u>	<u>(2,402)</u>	<u>(50,330)</u>
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>217,793</u>	<u>12,056</u>	<u>229,849</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u>\$ 169,865</u>	<u>\$ 9,654</u>	<u>\$ 179,519</u>
<b>Reconciliation of Operating Income to Net Cash from Operating Activities</b>			
Operating Income	74,082	115	74,197
<i>Adjustments:</i>			
Depreciation	38,420	-	38,420
<i>(Increase) Decrease in Assets:</i>			
Accounts Receivable	(5,126)	-	(5,126)
Intergovernmental Receivable	(1,840)	-	(1,840)
<i>Increase (Decrease) in Liabilities:</i>			
Intergovernmental Payable	(32,538)	(2,517)	(35,055)
Contracts Payable	(121)	-	(121)
Accrued Wages and Benefits	4,781	-	4,781
<i>Net Cash from Operating Activities</i>	<u>\$ 77,658</u>	<u>\$ (2,402)</u>	<u>\$ 75,256</u>

See accompanying notes to the basic financial statements



PICKAWAY COUNTY

STATEMENT OF FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 DECEMBER 31, 2011

	Private Purpose Trust	Agency
<b>Assets:</b>		
Equity in Pooled Cash and Cash Equivalents	\$ 1,194	\$ 3,017,991
Cash and Cash Equivalents in Segregated Accounts	-	640,278
Accounts Receivable	-	18,520
Intergovernmental Receivable	-	3,883,028
Property Taxes Receivable	-	46,358,575
<i>Total Assets</i>	<u>1,194</u>	<u>53,918,392</u>
<b>Liabilities:</b>		
Accounts Payable	-	12,932
Accrued Wages and Benefits	-	64,447
Intergovernmental Payable	-	53,070,653
Compensated Absences Payable	-	29,689
Deposits Held and Due To Others	-	713,558
Undistributed Monies	-	27,113
<i>Total Liabilities</i>	<u>-</u>	<u>\$ 53,918,392</u>
<b>Net Assets:</b>		
Held in Trust for Other Individuals and Organizations	<u>1,194</u>	
<i>Total Net Assets</i>	<u>\$ 1,194</u>	

See accompanying notes to the basic financial statements

PICKAWAY COUNTY

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
DECEMBER 31, 2011

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	Private Purpose Trust
<b>Additions</b>	\$ -
<b>Deductions</b>	
Miscellaneous	300
	<hr/>
<i>Change in Net Assets</i>	(300)
<i>Net Assets at Beginning of Year</i>	1,494
	<hr/>
<i>Net Assets at End of Year</i>	<u>\$ 1,194</u>

See accompanying notes to the basic financial statements

PICKAWAY COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

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

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

**Reporting Entity**

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

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

**Discretely Presented Component Unit**

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

Pickaway County Airport Authority - Pickaway County Airport Authority (the Authority) operates on a fiscal year ending December 31. The five member Board for the Authority is appointed by the County Commissioners. The Commissioners also review the budget and have the ability to impose its will on the Authority. Pickaway County provides utilities and insurance for the Authority. During 2011, the County made no financial contributions either to or on behalf of the Authority. Financial information is included in the accompanying financial statements.

PICKAWAY COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

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

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

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

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

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

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

The financial statements of the County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The County also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities and to its enterprise funds provided they do not conflict with or contradict GASB pronouncements. The most significant of the County's accounting policies are described below.

**A. Basis of Presentation**

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

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

PICKAWAY COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

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

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

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

**B. Fund Accounting**

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

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

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

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

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

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

PICKAWAY COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

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

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

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

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

The Sheriff web check fund accounts for criminal background check services completed by the Sheriff's office for area businesses and governments.

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

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

**C. Measurement Focus**

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

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

PICKAWAY COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

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

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

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

**D. Basis of Accounting**

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

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

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

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

**Deferred Revenue** - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2011, but which were levied to finance year 2012 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

PICKAWAY COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

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

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

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

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

**E. Budgetary Process**

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the County Auditor. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts when the original certificate of estimated resources was adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during 2011. The County does not include advances between funds in the certificate of estimated resources.

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

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

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

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

Unspent debt proceeds from the 2011 Energy Saving Renovation Bonds are recorded as "cash and cash equivalents with escrow agents."



PICKAWAY COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

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

During 2011, investments were limited to STAR Ohio, U.S. Government Securities, certificates of deposits, and other interest bearing accounts with local commercial banks.

Investments are reported at fair value, except for nonnegotiable certificates of deposit which are reported at cost. Fair value is based on quoted market prices. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2011.

Under existing Ohio statutes all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the General Fund during 2011 amounted to \$245,449 which includes \$217,473 assigned from other County funds.

**G. Inventory**

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

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

**H. Prepaid Items**

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

**I. Capital Assets**

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

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

PICKAWAY COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

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

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

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

**J. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balance. As of December 31, 2011, there were no internal balances reported on the statement of net assets.

**K. Compensated Absences**

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

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

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

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

PICKAWAY COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

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

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

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

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

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

**M. Fund Balance Reserves**

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

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

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

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

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

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

PICKAWAY COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

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

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

**N. Net Assets**

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

**O. Operating Revenues and Expenses**

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

**P. Interfund Transactions**

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

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

**Q. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the County and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2011.

**R. Estimates**

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

PICKAWAY COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

**NOTE 3 - BUDGETARY BASIS OF ACCOUNTING**

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

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

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

	<b>Net Change in Fund Balances (Deficits) / Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>			
	<b>General</b>	<b>Auto, License and Gas Tax</b>	<b>Job and Family Services</b>	<b>Board of Development al Disabilities</b>
GAAP Basis	\$528,636	(\$605,433)	\$2,783	\$2,146,104
<i>Adjustments:</i>				
Net Adjustment for Revenue Accruals	(228,832)	78,218	(46,153)	13,818
Net Adjustment for Expenditure Accruals	395,918	(264,648)	27,499	23,440
Net Adjustment for Other Sources (Uses)	13,478	0	0	0
<i>Perspective Difference:</i>				
Activity of Funds Reclassified For GAAP Reporting Purposes	51,043	0	0	0
<b>Budget Basis</b>	<b>\$760,243</b>	<b>(\$791,863)</b>	<b>(\$15,871)</b>	<b>\$2,183,362</b>

PICKAWAY COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

**NOTE 4 – NEW GASB PRONOUNCEMENTS/RESTATEMENTS**

During 2011, the County implemented GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions”, and GASB Statement No. 59, “Financial Instruments Omnibus”.

GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of this statement resulted in the reclassification of certain funds and restatement of the fund balance of the certain major and nonmajor other governmental funds, as previously reported at December 31, 2010.

The County’s 2010 financial statements included an overstatement of one of the County’s loans, payable to the Ohio Water Development Authority.

	<u>General</u>	<u>Other Governmental</u>	<u>Business- Type Activities</u>	<u>Sewer Fund</u>
Net Assets/Fund Balance at December 31, 2010	\$2,847,996	\$7,767,034	\$634,386	\$635,691
Correction to Loan Balance	-	-	89,333	89,333
Change in Fund Structure	292,761	(292,761)	-	-
<b>Net Assets/ Fund Balance at December 31, 2010, Restated</b>	<u>\$3,140,757</u>	<u>\$7,474,273</u>	<u>\$723,719</u>	<u>\$725,024</u>

GASB Statement No. 59 addresses significant practice issues that have arisen when accounting for financial instruments and external investment pools. The implementation of this statement did not result in any change in the County’s financial statements.

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

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

1. United States treasury notes, bills, bonds or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States, or any book entry, zero-coupon security that is a direct obligation of the United States.
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities.

PICKAWAY COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

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

3. Written repurchase agreements in the securities listed above provide that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to fair value daily, and that the term of the agreement must not exceed thirty days.
4. Bond and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County.
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts.
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investment in securities described in this division are made only through eligible institutions.
7. The State Treasurer's investment pool (STAROhio).
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2) or cash or both securities and cash, equal value for equal value.
9. Up to 25 percent of the County's total average portfolio in either (a) high grade commercial paper when the aggregate value of the notes does not exceed 10 percent of the aggregate value of the outstanding commercial paper of the issuing corporation, and the notes mature no later than 270 days after purchase or (b) bankers acceptances of banks insured by the FDIC when the obligations are eligible for purchase by the Federal Reserve System and mature no later than 180 days after purchase.
10. Up to 15 percent of the County's total average portfolio in high grade notes issued by the U.S. corporations, and the notes mature no later than two years after purchase.
11. High grade debt interests issued by foreign nations diplomatically recognized by the U.S. government. All interest and principal shall be denominated and payable in U.S. Funds. In the aggregate, this investment shall not exceed 1 percent of the County's total average portfolio and shall mature no later than five years after purchase.

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

PICKAWAY COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)

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

Public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation (FDIC), or may pledge a pool of government securities valued at least 105% of the total value of public funds on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the County's name. During the year 2011, the County complied with the provisions of these statutes.

The amounts available for deposit and investment are as follows:

Cash and Cash Equivalents: (carrying amounts)	
- Pooled	\$23,423,580
- Segregated	780,498
- Escrow	68,038
- Component Units	450,770
Reconciling items (net) to arrive at bank balances	(317,826)
Total available for deposits and investments (Bank balance of deposit/carrying amount of investments)	<u>\$24,405,060</u>

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

**Deposits**

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

As of December 31, 2011, the carrying amount of all County deposits was \$11,225,276. Based on the criteria described in GASB Statement No. 40, \$13,384,137 of the County's bank balance of \$14,440,298 was exposed to custodial risk as discussed above while \$1,056,161 was covered by FDIC. The \$13,384,137 exposed to custodial risk was uninsured, and collateral was held by pledging banks trust department but not in the County's name.

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



PICKAWAY COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

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

**Investments**

As of December 31, 2011 the County had the following investments and maturities:

Investment Type	Fair Value	Investment In Maturities in Years		
		Less Than One Year	1-2 Years	3-5 Years
U.S. Government Securities	\$13,055,256	\$2,553,054	\$0	\$10,502,202
STAROhio	250	250	0	0
Total Investments	<u>\$13,055,506</u>	<u>\$2,553,304</u>	<u>\$0</u>	<u>\$10,502,202</u>

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

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

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

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

**A. Component Unit**

*Deposits and Investments*

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

At year end, the carrying amount of the Pickaway County Airport Authority deposits was \$450,770 and the bank balance was \$262,568. The entire bank balance was covered by federal depository insurance.

PICKAWAY COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

**NOTE 6 - INTERFUND TRANSACTIONS**

Interfund balances at December 31, 2011, consist of the following receivables and payables:

	Interfund Receivables	Interfund Payable
General	\$61,720	\$0
Nonmajor Special Revenue Funds	0	61,720
Totals	<u>\$61,720</u>	<u>\$61,720</u>

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

A summary of interfund transfers for 2011 were as follows:

	Transfers In	Transfers Out
General	\$12,566	\$210,076
Nonmajor Other Governmental Funds	506,420	308,910
Totals	<u>\$518,986</u>	<u>\$518,986</u>

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

During the year ended December 31, 2011, the County made transfers of \$210,076 from the General Fund to the Special Children Services Nonmajor Special Revenue Fund to subsidize the program of this fund.

PICKAWAY COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

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**NOTE 7 - RECEIVABLES**

Receivables at December 31, 2011 consisted of property taxes, sales taxes, accounts (billings for user charged services), interest, special assessments and intergovernmental grants. All receivables are considered fully collectible.

A summary of the principal items of intergovernmental receivable follows:

<b>Governmental Activities</b>	
<i>General Fund:</i>	
Local Government Distributions	\$405,622
State Property Tax Reimbursements	158,967
Total General Fund	564,589
<i>Auto, License and Gas Tax Fund:</i>	
Motor Vehicle License Tax	683,237
Gasoline Tax	1,213,686
Grants	171,172
Total Auto, License and Gas Tax Fund	2,068,095
<i>Job and Family Services Fund:</i>	
State and Federal Funding	467,855
<i>Board of Developmental Disabilities Fund:</i>	
State Property Tax Reimbursements	214,668
Grants	23,795
Total Board of Developmental Disabilities Fund	238,463

PICKAWAY COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

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**NOTE 7 - RECEIVABLES (Continued)**

*Non Major Special Revenue Funds:*

Road and Bridge	3,147
Motor Vehicle Permissive Tax	486,406
Child Support Enforcement Agency	136,375
Youth Services Subsidy Grant	34,969
VOCA Grant	3,155
Crime Victims Assistance	116,353
Planning Grant Community Corrections	13,081
Emergency Management	11,379
COPS Grant	7,332
Workforce Development	9,892
SPL Grant	9,988
Community Correction Grant	73,190
Law Library	17,228
Nonmajor Special Revenue Funds	<u>922,495</u>
<b>Total Intergovernmental Receivable</b>	<u><u>\$4,261,497</u></u>

PICKAWAY COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)

NOTE 8- CAPITAL ASSETS

A summary of changes in general capital assets during 2011 were as follows:

	Balance at January 1, 2011	Additions	Deletions	Balance at December 31, 2011
<b>Governmental Activities:</b>				
<i>Nondepreciable Capital Assets:</i>				
Land	\$731,102	\$0	\$0	\$731,102
Total Nondepreciable Capital Assets	731,102	0	0	731,102
<i>Depreciable Capital Assets:</i>				
Buildings	18,031,876	2,995,615	(104,823)	20,922,668
Improvements Other Than Buildings	1,496,349	0	0	1,496,349
Machinery and Equipment	6,814,107	63,185	(15,250)	6,862,042
Furniture and Fixtures	1,020,090	0	0	1,020,090
Vehicles	3,463,519	75,347	0	3,538,866
Infrastructure	34,044,141	1,669,979	(206,273)	35,507,847
Total Depreciable Capital Assets	64,870,082	4,804,126	(326,346)	69,347,862
<i>Accumulated Depreciation:</i>				
Buildings	(3,315,791)	(230,754)	104,823	(3,441,722)
Improvements Other Than Buildings	(244,396)	(70,752)	0	(315,148)
Machinery and Equipment	(4,286,427)	(371,689)	15,250	(4,642,866)
Furniture and Fixtures	(638,068)	(38,705)	0	(676,773)
Vehicles	(2,064,716)	(226,645)	0	(2,291,361)
Infrastructure	(14,798,350)	(1,649,165)	206,273	(16,241,242)
Total Accumulated Depreciation	(25,347,748)	(2,587,710)	326,346	(27,609,112)
Depreciable Capital Assets, Net	39,522,334	2,216,416	0	41,738,750
<b>Governmental Activities Capital Assets, Net</b>	<b>\$40,253,436</b>	<b>\$2,216,416</b>	<b>\$0</b>	<b>\$42,469,852</b>

At December 31, 2011, capital assets include \$147,297 of machinery and equipment under capitalized leases.

PICKAWAY COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)

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

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

<b>Governmental Activities</b>				
<i>General Government:</i>				
Legislative and Executive			\$241,803	
Judicial			25,439	
Public Safety			363,377	
Public Works			1,826,774	
Health			49,440	
Human Services			77,740	
Conservation and Recreation			3,137	
<b>Governmental Activities Depreciation Expense</b>			<b><u>\$2,587,710</u></b>	
	Balance January 1, 2011	Additions	Deletions	Balance December 31, 2011
<b>Business-Type Activities:</b>				
<i>Nondepreciable Capital Assets:</i>				
Land	\$13,964	\$0	\$0	\$13,964
Construction in Progress	326,540	29,473	0	356,013
Total Nondepreciable Capital Assets	340,504	29,473	0	369,977
<i>Depreciable Capital Assets:</i>				
Plant and Facilities	376,966	0	0	376,966
Infrastructure	2,479,628	0	0	2,479,628
Total Depreciable Capital Assets	2,856,594	0	0	2,856,594
<i>Accumulated Depreciation:</i>				
Plant and Facilities	(370,979)	(2,997)	0	(373,976)
Infrastructure	(144,528)	(35,423)	0	(179,951)
Total Accumulated Depreciation	(515,507)	(38,420)	0	(553,927)
Depreciable Capital Assets, Net	2,341,087	(38,420)	0	2,302,667
<b>Business-Type Activities Capital Assets, Net</b>	<b>\$2,681,591</b>	<b>(\$8,947)</b>	<b>\$0</b>	<b>\$2,672,644</b>

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

PICKAWAY COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

**NOTE 9 - LONG-TERM OBLIGATIONS**

The County's long-term obligations activity for the year ended December 31, 2011, was as follows:

Purpose	Outstanding January 1, 2011	Additions	Deletions	Outstanding December 31, 2011	Amounts Due Within One Year
<b>Governmental Activities:</b>					
<i>General Obligation Notes Payable:</i>					
Engineer's Note - Hydraulic Boom Excavator 2007-2011 4.50%	\$15,147	\$0	\$15,147	\$0	\$0
Agriculture Society's Note 2008-2112 4.50%	15,200	0	7,600	7,600	7,600
TIF Note - Traffic Flow Study 2009-2012 4.50%	116,260	0	76,643	39,617	39,617
Engineer's Note - Tiger Mowers 2009-2013 4.50%	60,075	0	20,025	40,050	20,025
Engineer's Note - Utility Tractors 2009-2013 4.50%	85,181	0	27,156	58,025	28,378
TIF Note - Sidewalk/Street Light 2010-2012 2.75%	350,000	0	172,617	177,383	177,383
<i>General Obligation Bonds Payable:</i>					
Energy Saving Renovation Bonds 2010-2025 3.920%	2,995,615	0	175,000	2,820,615	175,000
OPWC Loan 2009-2029 0%	245,338	0	12,913	232,425	12,913
<i>Special Assessment Bonds with Governmental Commitment:</i>					
Northwood Park Sanitary Sewer Improvement 1999-2019 6.00%	93,000	0	8,000	85,000	9,000
Greenbriar Ditch Extension 2007-2012 4.50%	44,000	0	22,000	22,000	22,000
<i>Other Long-Term Obligations:</i>					
Compensated Absences	1,441,148	1,307,981	1,443,549	1,305,580	872,356
Capital Leases	38,820	51,196	23,420	66,596	22,810
<b>Governmental Activities Long-Term Obligations</b>	<b>\$5,499,784</b>	<b>\$1,447,270</b>	<b>\$2,004,070</b>	<b>\$4,854,891</b>	<b>\$1,391,656</b>

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

PICKAWAY COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

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

The 2004 Tax Increment Financing Note was issued for \$970,000 with a 5.50% interest rate. This note was restructured in 2006 with an interest rate of 4.25% and a maturity in 2010. These notes are issued for financing of construction related to the reconstruction of Crites Road and U.S. 23. These notes will be repaid through Tax Increment Financing Debt Service Fund.

The Greenbriar Ditch Extension Bonds were issued in 2007 for \$110,000 with a 4.50% interest rate. These bonds were issued for the installation and repair of ditching on Greenbriar Road, and will be paid with special assessments from the Greenbriar Ditch Debt Service Fund. The County is obligated to the extent of the remaining balance, if the property owners were to default.

The Engineer's Note was issued in 2007 for \$56,800 with a 4.50% interest rate. This note was issued for the purchase of a hydraulic boom excavator. This note will be paid by the Engineer's Note Debt Service Fund.

The Agriculture Society's Note was issued in 2008 for \$38,000 with a 4.50% interest rate. This note was issued to purchase signs at the fairgrounds. This note was issued by the County Commissioners, but will be paid by the Agriculture Society per written agreement. The County is obligated to the extent of the remaining balance, if the Agriculture Society were to default.

The 2009 Tax Increment Financing Note was issued for \$225,000 with a 4.50% interest rate. These notes are issued for financing of a traffic flow study for the new constructed Crites Road. These notes will be repaid through Tax Increment Financing Debt Service Fund.

The Engineer's Note was issued in 2009 for \$80,100 with a 4.50% interest rate. This note was issued for the purchase of four Tiger Mowers. This note will be paid by the Engineer's Note Debt Service Fund.

The Engineer's Note was issued in 2009 for \$111,168 with a 4.50% interest rate. This note was issued for the purchase of five Four-Wheel Drive Utility Tractors. This note will be paid by the Engineer's Note Debt Service Fund.

The Ohio Public Works Commission (OPWC) Loan is related the Cromley Road Bridge Replacement Project. The loan will be paid in semi-annual installments of \$6,456, over 20 years. The debt is to be repaid from the Auto, License and Gas Tax Fund. This loan is to be a zero percentage interest rate for the life of the loan. This loan was issued in 2009 for \$258,250.

The 2010 Tax Increment Financing Note was issued for \$350,000 with a 2.75% interest rate. This note was issued for financing the replacement sidewalks and street lights. This note will be repaid through Tax Increment Financing Debt Service Fund.

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

The compensated absences liability will be paid from the fund from which the employees are paid. The capital leases will be repaid through the General Fund, Job and Family Service Fund and other nonmajor special revenue funds. The amount of principal payments on the capital leases paid in 2011 amounted to \$23,420.



PICKAWAY COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

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

The following is a summary of the County's future principal and interest requirements for long-term obligations, including \$530,572 of interest:

For the Year Ended December 31,	Agriculture Society's Note	TIF Traffic Flow Note	Engineer's Note Tiger Mowers	Engineer's Note Utility Tractors
2012	\$7,942	\$40,010	\$21,827	\$30,989
2013	0	0	20,926	30,989
2014	0	0	0	0
2015	0	0	0	0
2016	0	0	0	0
2017-2021	0	0	0	0
2022-2026	0	0	0	0
Totals	\$7,942	\$40,010	\$42,753	\$61,978

For the Year Ended December 31,	TIF Sidewalk and Street Lights	Energy Saving Renovation Bonds	OPWC Loan	Northwood Park Sanitary Sewer Improvement Bonds	Greenbriar Ditch Bonds	Totals
2012	\$181,060	\$306,537	\$12,913	\$14,100	\$22,989	\$638,366
2013	0	304,678	12,912	13,560	0	383,066
2014	0	302,621	12,912	14,020	0	329,553
2015	0	295,370	12,912	13,420	0	321,702
2016	0	298,127	12,913	13,820	0	317,276
2017-2021	0	1,415,087	64,562	40,440	0	1,520,089
2022 - 2026	0	525,420	64,563	0	0	552,590
2027 - 2030	0	0	38,738	0	0	38,738
Totals	\$181,060	\$3,447,840	\$232,425	\$109,360	\$22,989	\$4,101,380

PICKAWAY COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

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

In April 2008, Pickaway County signed a guarantee for a \$500,000 loan through the Rural Industrial Park Loan Program offered through the Ohio Department of Development. The loan is the primary responsibility of Pickaway Progress Partnership or P<sup>3</sup>, the area's community improvement corporation. However in the event that P<sup>3</sup> would default on the loan, the Ohio Department of Development would first try to sell the property and building. If a sale does not occur, the loan would then be the responsibility of the Village of Ashville and Pickaway County. The Village of Ashville would be obligated to a maximum of \$20,000 annually and the remainder would be the responsibility of Pickaway County. The loan is a fifteen year loan with no payments due until the first year of sale or leased occupancy of the building or in the fifth year of the loan, whichever comes first.

**NOTE 10 - LOANS PAYABLE**

The County's loan transactions for the year ending December 31, 2011, were as follows:

Purpose	Balance January 1, 2011	Additions	Deletions	Balance December 31, 2011	Amount Due Within One Year
<b>Business - Type Activities:</b>					
<i>OPWC Loans</i>					
Darby Area Sewer Collection Design, 0%	\$280,000	\$0	\$20,000	\$260,000	\$20,000
<i>OWDA Loans Payable</i>					
Darby Area Sewer Collection Design, 0%	1,689,381	0	105,586	1,583,795	105,586
Darby Area Sewer Collection Design, 0%	237,207	29,473	0	266,680	0
<b>Business - Type Activities Loan Payable</b>	<b>\$2,206,588</b>	<b>\$29,473</b>	<b>\$125,586</b>	<b>\$2,110,475</b>	<b>\$125,586</b>

The Ohio Public Works Commission (OPWC) Loan is related to improvements to the Darby Township Sanitary Sewer System. The loan will be paid in annual installments of \$20,000, over 20 years. The debt is to be repaid by user charges to consumers that use the system. This loan is to be a zero percentage interest rate for the life of the loan. This loan was issued in 2005 for \$380,000.

The Ohio Water Development Authority (OWDA) Loan is related to improvements to the Darby Township Sanitary Sewer System. The OWDA has granted an original loan amount of \$1,624,478 and a supplementary loan amount of \$487,248, for a maximum loan amount of \$2,111,726 for this project. The loan will be repaid in semiannual installments of \$52,793 effective July 1, 2008, over 20 years for the original loan amount with the final installment payable on July 1, 2027. The debt is repaid by user charges to consumers that use the system. The County must set rates in an amount that guarantees repayment of the debt.

The Ohio Water Development Authority (OWDA) Loan is related to the Darby Area Sewer Collection Design Project. The OWDA has granted a loan in the amount of \$400,000 for this project. As of December 31, 2011, a repayment schedule for the loan has not been established, but the final payment is due by January 1, 2020. The debt is repaid by user charges to consumers that use the system. The County must set rates in an amount that guarantees repayment of the debt.

PICKAWAY COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

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

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

The following is a schedule of the future minimum lease payments under lease obligations which have been capitalized as of December 31, 2011.

For the Year Ended December 31,	Capital Lease Obligations
2012	\$27,275
2013	23,748
2014	16,067
2015	4,807
2016	1,774
Total Minimum Lease Payments	73,671
Less: Amount Representing Interest	7,075
Present Value of Minimum Lease Payments	\$66,596

**NOTE 12 - PROPERTY TAXES**

Property taxes include amounts levied against all real and public utility personal property located in the County. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revalued every six years. The last revaluation was completed in 2005. Real property taxes are payable annually or semiannually. The first payment is due February 15, with the remainder payable by July 18.

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

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

PICKAWAY COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)

NOTE 12 - PROPERTY TAXES (Continued)

Accrued property taxes receivable represent delinquent taxes outstanding and real and public utility taxes that were measurable and unpaid as of December 31, 2011. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31 and are not intended to finance 2011 operations. The receivable is therefore offset by a credit to deferred revenue.

The full tax rate for all County operations for the year ended December 31, 2011, was \$3 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2011 property tax receipts were based are as follows:

Category	Assessed Value
<i>Real Estate:</i>	
Agriculture	\$210,114,220
Residential	713,611,250
Commercial	104,123,980
Industrial	21,551,150
Minerals	668,370
Public Utilities	17,922,390
<i>Personal Property:</i>	
Public Utilities	127,618,000
Total Assessed Values	<u>\$1,195,609,360</u>

NOTE 13 - PERMISSIVE SALES TAX

In 1988, in accordance with Sections 5739.02 and 5741.02 of the Revised Code, the County Commissioners, by resolution, imposed a 1 percent tax on all retail sales, except sales of motor vehicles, made in the County, and on the storage, use, or consumption in the County of tangible personal property, including automobiles. In December 2001, the County Commissioners, by resolution, imposed an additional one-half percent tax on all retail sales, except sales of motor vehicles, made in the County, and on the storage, use, or consumption in the County of tangible personal property, including automobiles. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month. A warrant payable to the County is then drawn within five days. Proceeds of the tax were credited to the General Fund and Capital Project Fund. Amounts that have been collected by the State and are to be received within the available period are accrued as revenue. Sales and use tax revenue for 2011 amounted to \$6,718,053 in the statement of activities.

PICKAWAY COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

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**NOTE 14 - ACCOUNTABILITY**

The following funds had deficit fund balances as of December 31, 2011:

*Non-major Special Revenue Funds:*

COPS Grants	\$629
Diversion Program	31
VOCA Grant	2,307
Crime Victims Assistance	1,926
Communication 800 Matching Grant	18,655

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

**NOTE 15 - RISK MANAGEMENT**

The County is exposed to various risks of loss related to torts, theft or damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During 2011, the County contracted with County Risk Sharing Authority (CORSA), a jointly governed organization, for liability, property, and crime insurance. The CORSA program has a \$2,500 deductible.

Coverages provided by the program are as follows:

Property:

Buildings & Contents (\$100,000 annual aggregate pool limit for flood and earthquake)	\$83,542,950
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Liability:

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

PICKAWAY COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

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

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

The County participates in the Workers' Compensation Program provided by the State of Ohio. During 2011, the County belonged to a pool with 63 other Ohio counties (County Commissioners Association of Ohio) for a workers' compensation group-rating program. The County joined this group plan to achieve lower workers' compensation rates.

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

**NOTE 16 - DEFINED BENEFIT RETIREMENT PLANS**

All non-uniformed full time and part-time County employees participate in the Ohio Public Employee Retirement System while police officers participate in the Ohio Police and Fire Pension Fund.

A. Ohio Public Employees Retirement System

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

PICKAWAY COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

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

- (5) The Ohio Revised Code provides statutory authority for member and employer contributions. For 2011, member and employer contributions rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions (who don't qualify for the Ohio Police and Fire Pension Fund) exist only within the Traditional Pension Plan.

For 2011 member contributions were 10.0 percent for members in state and local classifications. Public safety and law enforcement members contributed 11.0 percent and 11.6 percent, respectively.

For 2011 employer contribution rate for state and local employers was 14.0 percent of covered payroll. For both the law enforcement and public safety divisions, the employer contribution rate for 2011 was 18.10 percent.

- (6) Total required employer contributions for all plans were equal to 100 percent of the employer charges and should be extracted from the employer's records.
- (7) The County's required contributions for pension obligations to OPERS for the years ended December 31, 2011, 2010 and 2009 were \$1,346,414, \$1,306,461, and \$1,142,144, respectively; 93.92% has been contributed for 2011, and 100% has been contributed for 2010 and 2009. Of the 2011 amount, \$51,929 was unpaid at December 31, 2011 and is recorded as a liability in the basic financial statements.

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

The Pickaway County Board of and Developmental Disabilities contributes for all certified teachers to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, OH 43215-3771 or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org) or by calling toll free 1-888-227-7877.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB Plan offers an annual retirement allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

PICKAWAY COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

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

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

**DC Plan Benefits-** Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. Employer contributions into members' accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

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

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

Benefits are increased annually by 3% of the original base amount for DB Plan participants.

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



PICKAWAY COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

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

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

Plan members are required to contribute 10% of their annual covered salary and the County is required to contribute 14% was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The County's contributions for pension obligations to STRS for the fiscal years ended December 31, 2011, 2010, and 2009 were \$7,407, \$20,668, and \$26,157, respectively. These contributions were equal to the required contributions for each of these years.

**NOTE 17 - POSTEMPLOYMENT BENEFITS**

A. Ohio Public Employees Retirement System

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

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

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

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

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

PICKAWAY COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

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

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, state and local employer contributed at a rate of 14.00 percent of covered payroll and public safety and law enforcement employers contributed at 18.10 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0 percent during the calendar year of 2011. The portion of employer contributions allocated to health care for the calendar year beginning January 1, 2012 remained the same, but they are subject to change based on Board action. Employers will be notified if the portion allocated to health care changes during calendar year 2012. The OPERS Board of Trustees is also authorized to establish rules for the retiree, or their surviving beneficiaries, to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The County's required contributions that were allocated to fund postemployment benefits with OPERS for the years ended December 31, 2011, 2010 and 2009 were \$516,560, \$718,214 and \$882,698, respectively.

The Health Care preservation Plan (HCPP) adopted by the OPERS Board of Trustees September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased January 1<sup>st</sup> of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning January 1, 2006, with a final rate increase January 1, 2001. These rate increases allowed additional funds to be allocated to the health care plan.

**B. State Teachers Retirement System**

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

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

PICKAWAY COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

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

**B. State Teachers Retirement System (Continued)**

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

STRS Ohio issues a stand-alone financial report. Interested parties may requested additional information or a copy of the *Comprehensive Annual Financial Report* by writing to STRS 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](http://www.strsoh.org).

**Funding Policy** – Under Ohio law, funding for postemployment health care may be deducted from employer contributions. Of the 14% employer contribution rate, 1% of covered payroll was allocated to postemployment health care for the years ended June 30, 2011, 2010 and 2009. The 14% employer contribution rate is the maximum rate established under Ohio law.

The County's contributions allocated to fund postemployment health care benefits with STRS Ohio for the years ended December 31, 2011, 2010, 2009 were \$570, \$1,590, and \$2,012 respectively; 100% has been contributed for each of the three years.

PICKAWAY COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)

**NOTE 18 – FUND CASH BALANCES**

As of December 31, 2011 fund balances are composed of the following:

	General	Auto License & Gas Tax	Job and Family Services	Board of Developmental Disabililites	All Other Governmental Funds	Total Governmental Funds
<i>Nonspendable:</i>						
Prepaid Items	\$127,002	\$0	\$103,072	\$13,203	\$0	\$243,277
Materials & Supplies	49,505	391,555	3,183	0	3,744	447,987
Unclaimed Monies	21,506	0	0	0	0	21,506
Total Nonspendable	198,013	391,555	106,255	13,203	3,744	712,770
<i>Restricted:</i>						
Legislative & Executive	0	0	0	0	571,360	571,360
Judicial	0	0	0	0	338,582	338,582
Public Safety	0	0	0	0	621,858	621,858
Pubic Works	0	1,389,911	0	0	917,746	2,307,657
Health	0	0	0	10,935,583	243,711	11,179,294
Human Services	0	0	282,487	0	658,326	940,813
Economic Development	0	0	0	0	144,960	144,960
Debt Service	0	0	0	0	60,443	60,443
Capital Projects	0	0	0	0	516,520	516,520
Total Restricted	0	1,389,911	282,487	10,935,583	4,073,506	16,681,487
<i>Committed:</i>						
Sheriff Rotary	0	0	0	0	0	0
Special Children Services	0	0	0	0	396,209	396,209
Capital Projects	0	0	0	0	981,804	981,804
Total Committed	0	0	0	0	1,378,013	1,378,013
<i>Assigned:</i>						
Greenbriar Ditch	0	0	0	0	12,375	12,375
Agriculture Society Note	0	0	0	0	7,600	7,600
Total Assigned	0	0	0	0	19,975	19,975
<i>Unassigned</i>	3,471,380	0	0	0	(23,548)	3,447,832
Total Fund Balances	\$3,669,393	\$1,781,466	\$388,742	\$10,948,786	\$5,451,690	\$22,240,077

PICKAWAY COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

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

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

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

**B. Budgetary Basis of Accounting**

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

**C. Capital Assets**

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

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

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

PICKAWAY COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

**NOTE 19 - ADDITIONAL DISCLOSURE FOR DISCRETELY PRESENTED COMPONENT UNIT  
(Continued)**

A summary of changes in capital assets for the Pickaway County Airport during 2011 were as follows:

	Balance January 1, 2011	Additions	Deletions	Balance December 31, 2011
<i>Non-Depreciable Capital Assets:</i>				
Land	218,036	0	0	218,036
Construction in Progress	0	256,128	0	256,128
Total Non-Depreciable Capital Assets	218,036	256,128	0	474,164
<i>Depreciable Capital Assets:</i>				
Buildings and Improvements	1,041,748	0	0	1,041,748
Infrastructure	545,128	0	0	545,128
Total Depreciable Capital Assets	1,586,876	0	0	1,586,876
<i>Accumulated Depreciation:</i>				
Buildings	(263,516)	(26,044)	0	(289,560)
Infrastructure	(55,662)	(12,815)	0	(68,477)
Total Accumulated Depreciation	(319,178)	(38,859)	0	(358,037)
Depreciable Capital Assets, Net	1,267,698	(38,859)	0	1,228,839
<b>Capital Assets, Net</b>	<b>\$1,485,734</b>	<b>\$217,269</b>	<b>\$0</b>	<b>\$1,703,003</b>

PICKAWAY COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

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**NOTE 20 - JOINTLY GOVERNED ORGANIZATIONS**

**A. Berger Hospital**

Berger Hospital is a jointly governed organization that provides diversified health care services to the community. The hospital is governed by a 9 member board: Pickaway County Commissioners appoint 4 members of the board, the City of Circleville appoints 4 members of the board and the final board member is the City of Circleville's Mayor. The Mayor is the President of the Board but does not have voting privileges unless there is a tie. The City of Circleville holds legal title to the Hospital. The degree of control exercised by the County is limited to its representation on the Board. Pickaway County does not have an ongoing financial interest in or an ongoing financial responsibility for the Hospital. During 2011, the County did not make any contributions to the Hospital. Complete financial statements can be obtained from the Berger Hospital, 600 N. Pickaway, Circleville, Ohio, 43113.

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

The Paint Valley Mental Health Alcohol and Drug Addiction Board serves Pike, Fayette, Highland, Pickaway and Ross Counties and is a jointly governed organization that is responsible for developing, coordinating, modernizing, funding, monitoring and evaluating a community-based mental health and substance abuse program. The Board consists of eighteen members. The Director of the Ohio Department of Mental Health appoints four members and the Director of the Ohio Department of Alcohol and Drug Addiction Services appoints four members. The remaining members are appointed by the County Commissioners of Pike, Fayette, Highland, Pickaway, and Ross Counties in the same proportion as each County's population bears to the total population of the five counties combined. The Board receives revenue from the participating counties and receives federal and state funding through grant monies that are applied for and received by the Board of Trustees. Pickaway County cannot significantly influence operations of the Board, who has sole budgetary authority and controls surpluses and deficits. Pickaway County has no ongoing financial interest or responsibility. During 2011, Pickaway County did not make any contributions to the program.

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

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

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

PICKAWAY COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

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

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

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

Each member County has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the Corporation are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the board of trustees. CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payment of the certificates. The County does not have an equity interest in CORSA. The County's payment for insurance to CORSA in 2011 was \$251,486.

**E. Southern Ohio Council of Governments**

The County is a member of the Southern Ohio Council of Governments, which is a jointly governed organization created under the Ohio Revised Code Section 167.01. The governing body consists of a thirteen member board with each participating County represented by its Director of its Board of Developmental Disabilities. Member counties include: Adams, Athens, Brown, Fayette, Gallia, Highland, Jackson, Lawrence, Pickaway, Pike, Ross, Scioto and Vinton Counties. During 2011, the County contributed \$1,801 to this organization. Financial statements can be obtained from the Southern Ohio Council of Governments, 43 N. Paint St., Chillicothe, Ohio, 45601.

**NOTE 21 - RELATED ORGANIZATIONS**

**A. Pickaway County Park District**

The Park District received a reimbursement grant from the Clean Ohio Trails Fund in an amount not to exceed \$155,550. The County agreed to expense monies to the Park District to fund the project and reimburse the County when grant monies were received. In 2011, the County expensed \$11,736 to the Park District and received \$22,470. Currently the Park District still owes the County \$37,388.

**B. Pickaway County District Public Library**

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



PICKAWAY COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

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**NOTE 22 - CONTINGENT LIABILITIES**

In June 2011, the County received notification from the Ohio Department of Taxation that the County had received an over payment of \$308,000 of use tax in 2010. The amount is to be repaid over a period of 24 months by a portion of the over payment, plus interest, being reduced from the County's monthly receipt of use tax from the Department of Taxation.

In August 2012 the County discovered a pattern of alleged thefts by a former employee within the Treasurer's Office. The former employee has not disputed the charges and the case has been adjudicated, with restitution of \$12,000; this amount is not material to the financial statements.

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

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

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PICKAWAY COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2011

Federal Grantor / Pass through Grantor / Program Title	Pass-Through Entity Number	Federal CFDA Number	Expenditures
<b><u>U.S. Department of Agriculture</u></b>			
<i>Passed through Ohio Department of Education:</i>			
<i>Child Nutrition Cluster:</i>			
School Breakfast Program	2010/2011	10.553	\$ 3,264
National School Lunch Program	2010/2011	10.555	4,878
<i>Total Child Nutrition Cluster:</i>			<u>8,142</u>
 <i>Passed through Ohio Department of Job and Family Services</i>			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	G-1011-11-5098/G-1213-11-0098	10.561	<u>372,425</u>
 <b>Total U.S. Department of Agriculture</b>			 <u>380,567</u>
<b><u>U.S. Department of Housing and Urban Development</u></b>			
<i>Passed through Ohio Department of Development:</i>			
Community Development Block Grant	B-F-10-1CH-1	14.228	123,177
Community Development Block Grant	B-F-09-060-1	14.228	2,714
Community Development Block Grant	B-F-08-060-1	14.228	211
Community Development Block Grant	B-C-08-1CH-1	14.228	<u>26,240</u>
Total - Community Development Block Grant			<u>152,342</u>
HOME Investment Partnership Program	B-C-08-1CH-2	14.239	37,841
Neighborhood Stabilization Program (Recovery Act Funded)	B-Z-08-066-1	14.256	<u>12,352</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u>202,535</u>
<b><u>U.S. Department of Justice</u></b>			
<i>Passed through Ohio Department of Criminal Justice Services:</i>			
ARRA- Violence Against Women Act	2009-AR-VA5-1220	16.588	1,871
 <i>JAG Program Cluster:</i>			
ARRA- Edward Byrne Memorial Justice Assistance Grant (JAG) Program - Grants to States and Territories	2009-RA-C01-2039 2009-RA-C01-2056 2009-RA-C01-2058	16.803	1,056
ARRA- Edward Byrne Memorial Justice Assistance Grant (JAG) Program - Grants to Units of Local Government	2010-SB-B9-2684	16.804	<u>25,785</u>
Total JAG Program Cluster			<u>26,841</u>
 <i>Passed through Ohio Office of Attorney General</i>			
Crime Victim Assistance	2011VAGENE095T	16.575	59,987
Crime Victim Assistance	2011SAGENE095T	16.575	6,833
Crime Victim Assistance	2012VAGENE095	16.575	23,400
Crime Victim Assistance	2012SAGENE095	16.575	<u>234</u>
Total - Crime Victim Assistance			<u>90,454</u>
 <b>Total U.S. Department of Justice</b>			 <u>119,166</u>
<b><u>U.S. Department of Homeland Security</u></b>			
<i>Passed through Ohio Emergency Management Agency:</i>			
State Homeland Security Program	2010-SS-T0-0012	97.067	<u>48,434</u>
 <b>Total U.S. Department of Homeland Security</b>			 <u>48,434</u>

PICKAWAY COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)

Federal Grantor / Pass through Grantor / Program Title	Pass-Through Entity Number	Federal CFDA Number	Expenditures
<b><u>U.S. Department of Education</u></b>			
<i>Passed through Ohio Department of Education:</i>			
<b><u>Special Education Cluster:</u></b>			
Special Education Grants to States	066191-6BSF-2009/2010	84.027	\$ 15,515
Special Education Preschool Grants	066191-PGS1-2009/2010	84.173	6,931
Total - Special Education Cluster			<u>22,446</u>
<i>Passed through Ohio Department of Health:</i>			
<b><u>Special Education Grants for Infants and Families Cluster:</u></b>			
Special Education Grants for Infants and Families	065-1002-1HG0209/065-1002-1HG312	84.181	75,407
ARRA - Special Education Grants for Infants and Families	31-6400-083	84.393	15,412
Total - Special Education Grants for Infants and Families			<u>90,819</u>
<b>Total U.S. Department of Education</b>			<u>113,265</u>
<b><u>U.S. Department of Health and Human Services</u></b>			
<i>Passed through Ohio Department of Mental Retardation and Developmental Disabilities</i>			
Social Services Block Grant	G-1011-11-5006/G1011-11-5007	93.667	32,940
Medical Assistance Program	G-1011-11-5006/G1011-11-5007	93.778	4,021
<i>Passed through Ohio Department of Job and Family Services</i>			
Promoting Safe and Stable Families	31-6400-083	93.556	51,022
Child Welfare Services State Grant	G-1011-11-5098/G1011-11-0098	93.645	42,494
Foster Care Title IV-E	G-1011-11-5098/G1011-11-0098	93.658	140,431
ARRA- Foster Care Title IV-E	G-1011-11-5098/G1011-11-0098	93.658	2,547
Total Foster Care Title IV-E			<u>142,978</u>
Adoption Assistance	G-1011-11-5098/G1011-11-0098	93.659	67,424
Community Based Child Abuse Prevention Grants	G-1011-11-5098/G1011-11-0098	93.590	551
Chaffee Foster Care Independence Program	G-1011-11-5098/G1011-11-0098	93.674	1,330
Temporary Assistance for Needy Families (TANF)	G-1011-11-5098/G1011-11-0098	93.558	1,051,864
<b><u>Child Care and Development Block Grant Cluster:</u></b>			
Child Care and Development Block Grant	G-1011-11-5098/G1011-11-0098	93.575	33,489
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	G-1011-11-5098/G1011-11-0098	93.596	40,553
Total Child Care and Development Block Grant Cluster			<u>74,042</u>
Social Service Block Grant	G-1011-11-5098/G1011-11-0098	93.667	320,226
Child Support Enforcement	G-1011-11-5098/G1011-11-0098	93.563	551,732
State Children's Insurance Program	G-1011-11-5098/G1011-11-0098	93.767	3,608
Medical Assistance Program	G-1011-11-5098/G1011-11-0098	93.778	206,791
<b>Total U.S. Department of Health and Human Services</b>			<u>2,551,023</u>

PICKAWAY COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)

Federal Grantor / Pass through Grantor / Program Title	Pass-Through Entity Number	Federal CFDA Number	Expenditures
<i>Passed through Ohio Department of Secretary of State</i>			
Voting Access for Individuals with Disabilities Grants to States	06-SOS-HHS-65	93.617	\$ 1,151
Help America Vote Act Requirements Payments	06-SOS-HHS-65	90.401	1,265
<b>Total U.S. Election Assistance Commission</b>			<b>2,416</b>
<b><u>U.S. Department of Transportation</u></b>			
<i>Received Directly from Federal Agency</i>			
Airport Improvement Program	n/a	20.106	69,874
<i>Passed through Ohio Department of Transportation:</i>			
Highway Planning and Construction	n/a	20.205	64,168
<i>Passed through Ohio Department of Public Safety:</i>			
<u>Highway Safety Cluster:</u>			
State and Community Highway Safety	HVEO-2011-65-00-00-00549-00	20.600	12,910
State and Community Highway Safety	HVEO-2012-65-00-00-00335-00	20.600	1,545
Safe Communities Grant	SC-2011-65-00-00-00393-0	20.600	63,659
Safe Communities Grant	SC-2012-65-00-00-00382-0	20.600	2,992
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	HVEO-2011-65-00-00-00549-00	20.601	12,910
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	HVEO-2012-65-00-00-00335-00	20.601	1,545
State Traffic Safety Information System Improvement Grants	CG-2011-65-00-00-00523-00	20.610	12,538
Total - Highway Safety Cluster			108,099
<b>Total U.S. Department of Transportation</b>			<b>242,141</b>
<b><u>U.S. Department of Labor</u></b>			
<i>Passed through Area 20/21 Workforce Investment Board</i>			
Workforce Investment Act- National Emergency Grant	31-6400-83	17.277	8,000
<i>Workforce Investment Act Cluster:</i>			
Admin - Work Investment Act- Adult	31-6400-83	17.258	25,771
Work Investment Act- Adult	31-6400-83	17.258	148,644
Work Investment Act- Special Project	31-6400-83	17.258	13,981
ARRA - Work Investment Act- Special Project	31-6400-83	17.258	22,294
ARRA - Learning Accounts	31-6400-83	17.258	2,971
Total- Adult			213,661
Admin - Work Investment Act- Youth	31-6400-83	17.259	2,831
Work Investment Act- Youth	31-6400-83	17.259	107,925
Total - Youth			110,756
Admin - Work Investment Act- Dislocated Worker	31-6400-83	17.278	10,175
Work Investment Act- Dislocated Worker	31-6400-83	17.278	106,105
Rapid Response	31-6400-83	17.278	8,570
Admin - Work Investment Act- Dislocated Worker	31-6400-83	17.278	7,264
Work Investment Act- Dislocated Worker	31-6400-83	17.278	2,447
Total - Dislocated Worker			134,561
Total Workforce Investment Act Cluster			\$ 458,978
<b>Total U.S. Department of Labor</b>			<b>\$ 466,978</b>
<b>Total Federal Awards Expenditures</b>			<b>\$ 4,126,525</b>

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

PICKAWAY COUNTY

NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
FISCAL YEAR ENDED DECEMBER 31, 2011

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the Pickaway County, Ohio (the County's) federal award programs' disbursements. The schedule has been prepared on the cash basis of accounting, except expenditures passed through the Ohio Department of Job and Family Services, which are presented on the accrual basis.

**NOTE B - SUBRECIPIENTS**

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

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

**NOTE C - CHILD NUTRITION CLUSTER**

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

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

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

These loans are collateralized by liens on the property.

Activity in the CDBG revolving loan fund during 2011 is as follows:

Beginning loans receivable balance, January 1, 2011	\$	88,474
New loans made		4,999
Loan principal repaid		-
Ending loans receivable balance, December 31, 2011	\$	93,473
Cash balance on hand in the revolving loan fund as of December 31, 2011	\$	195,881
Administrative costs, 2011	\$	-

**PICKAWAY COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
YEAR ENDED DECEMBER 31, 2010  
(Continued)**

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

The table above reports gross loans receivable. For projects of \$15,000 or less, 80% is forgiven in five years and 20% remains as a lien until the property changes hands. A project of \$15,001 or more has a 10 year forgiveness of the 80% and 20% as a lien.

**NOTE E - MATCHING REQUIREMENTS**

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

**NOTE H - TRANSFERS BETWEEN FEDERAL PROGRAMS**

During fiscal year 2011, the County made allowable transfers of \$50,000 from the Title XX (93.667) Transfer funds to Temporary Assistance for Needy Families (TANF) (93.558) program. The Schedule shows the County spent approximately \$32,940 on the Title XX program. The amount reported for the Title XX program on the Schedule excludes the amount transferred to the TANF program. The amount transferred to the TANF program is included as TANF expenditures when disbursed. The following table shows the gross amount drawn for the Title XX program during fiscal year 2011 and the amount transferred to the TANF program.

Title XX	\$ 82,940
Transfer to Temporary Assistance to Needy Families	<u>(50,000)</u>
Total XX	<u>\$ 32,940</u>

**NOTE I – MEDICAID DEFERRED PAYMENT**

During the calendar year, the County received a deferred payment from the Ohio Department of Developmental Disabilities (DODD) for the Medicaid program (CFDA # 93.778) in the amount of \$53,692. The deferred payment was for Medicaid Administrative Claiming (MAC) and Waiver Administrative Claiming (WAC) expenses the County incurred in prior reporting periods due to an increased of federal funding received by DODD to reimburse these expenses and also due to changes in the County's Medicaid Eligibility Rate (MER) for certain activity codes within MAC/WAC. This revenue is not listed on the County's Schedule of Federal Awards since the underlying expenses occurred in prior reporting periods.

**NOTE J – CORRECTION TO A PRIOR FEDERAL AWARDS EXPENDITURES SCHEDULE**

The County reported incorrect federal expenditures related to the Community Development Block Grant for the year 2009 as follows:

Year	Grant	Pass-Through Entity Number	CFDA #	Expenditures Originally Reported	Expenditures After Adjustments
2009	Neighborhood Stabilization	B-Z-08-066-1	14.256	\$ -	\$ 54,800

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# Dave Yost • Auditor of State

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

Pickaway County  
207 South Court Street  
Circleville, Ohio 43113

To the Board of County Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of Pickaway County, Ohio (the County) as of and for the year ended December 31, 2011, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated February 20, 2013.

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

As part of our financial statement audit, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our 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 a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the County's financial statements. We consider finding 2011-001 described in the accompanying schedule of findings to be a material weakness.

A significant deficiency is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2011-002 described in the accompanying schedule of findings to be a significant deficiency.

***Compliance and Other Matters***

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

***Purpose of this Report***

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

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

**Dave Yost**  
Auditor of State

February 20, 2013



# Dave Yost • Auditor of State

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

Pickaway County  
207 South Court Street  
Circleville, Ohio 43113

To the Board of County Commissioners:

### Compliance

We have audited the compliance of Pickaway County, Ohio (the County) with the types of compliance 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 the County's major federal programs for the year ended December 31, 2011. The *summary of auditor's results* section of the accompanying schedule of findings identifies the County's major federal programs. The County's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on the County's compliance based on our audit.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to 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 that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the County's compliance with these requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with these requirements.

In our opinion, Pickaway County complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2011. However, the results of our auditing procedures disclosed an instance of noncompliance with these requirements that, while not affecting our opinion on compliance, OMB Circular A-133 requires us to report. The accompanying schedule of findings lists this instance as Finding 2011-003.

### Internal Control over Compliance

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

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*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 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency, described in the accompanying schedule of findings as item 2011-003. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a federal program 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.

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

We intend this report solely for the information and use of the audit committee, management, the Board of County Commissioners, others within the entity, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



**Dave Yost**  
Auditor of State

February 20, 2013

**PICKAWAY COUNTY**  
**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A -133 § .505**  
**DECEMBER 31, 2011**

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

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	Yes
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA #10.561 – Supplemental Nutrition Assistance Program  CFDA #14.228 – Community Development Block Grant  CFDA #93.558 –Temporary Assistance for Needy Families  CFDA #93.563 – Child Support Enforcement
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

**PICKAWAY COUNTY**  
**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A -133 § .505**  
**DECEMBER 31, 2011**  
**(Continued)**

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

**FINDING 2011-001**

**Material Weakness – Financial Statement Adjustments**

Sound financial reporting is the responsibility of the County Auditor and the Board of Commissioners and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

Twelve reclassifications or audit adjustments and reclassifications (ranging in amounts from \$24,493 to \$578,879) were posted to the County's basic financial statements to accurately reflect account balances reported. Items included incorrect revenue classifications, overstatement of intergovernmental receivables/revenue, overstatement of accrued wages payable, and improper revenue recognition on the modified accrual financial statements. The County's financial statements have been adjusted to accurately reflect these adjustments and reclassifications. In addition there were eighteen adjustments and reclassifications that were immaterial to the overall financial statements of the County and were not posted to the financial statements.

Although the County has implemented various controls over financial reporting, the need to propose audit adjustments suggests controls may not be effective or may not be operating as management intended.

We recommend management and the Board of Commissioners review the reclassifications and adjustments to ensure controls function as intended and these types of misstatements do not occur again.

**Officials' Response:**

The County will continue to monitor the controls we have in place over financial reporting and will determine if there are changes necessary to avoid these adjustments in future audits.

**PICKAWAY COUNTY**  
**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A -133 § .505**  
**DECEMBER 31, 2011**  
**(Continued)**

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

**FINDING 2011-002**

**Significant Deficiency – Internal Controls – County Treasurer’s Office**

The Treasurer’s Office is responsible for mailing all property tax billings and collecting payments; payments can be made through the mail or in person in the Treasurer’s office. On a daily basis each cashier counts the cash in their respective cash drawer and performs a reconciliation of the cash and the receipts posted to the system; once complete, all cashier drawers are turned over to the Deputy Treasurer, who consolidates each cashier’s drawer and prepares one deposit. The Deputy Treasurer also performs reconciliation procedures, for each drawer comparing cash on hand to total receipt postings in the system.

At the appropriate time, once parcels are considered delinquent the system will generate delinquent notices, which are then mailed to the parcel owners. The system provides that certain taxpayer accounts can be designated so a delinquent notice will not be generated; taxpayer accounts are designated with this status if they are delinquent and have agreed to a payment plan or there are other circumstances where mailing of delinquent notices would be inappropriate.

We noted deficiencies in control procedures that increase the risk that cash collections could be improperly handled, resulting in potential misstatements to financial statement amounts:

- The end of day reconciliation procedures do not facilitate appropriate segregation of duties; we recommend cashiers reconcile one another’s cash drawers with the system to verify the amount of cash collected is accurate. Individuals who perform reconciliation procedures should evidence this by initialing appropriate system documentation, whether that be a calculator tape, system-generated report, etc;
- As described above, cashiers have the ability to place taxpayer accounts in "hold status", preventing delinquent notices from being generated; only individuals who do not process cash collection transactions should have this ability. Currently there is no periodic review of taxpayer accounts designated in “hold status”; the County Treasurer, or another individual who is independent of cash collections, should perform a periodic review (perhaps bi-weekly) of accounts in “hold status”; this individual should print and review system-generated reports and evidence this review by initialing those reports.

The County Treasurer should examine the above aspects of his office’s internal control environment and consider appropriate changes to control procedures to ensure proper handling of cash collections and related financial statement amounts.

**Officials’ Response:**

A new cash counting control was implemented soon after the date of the noted theft in office by Gale Fouch. At the end of day balance by the teller, cash is verified by another teller with written evidence of the auditing teller’s initials on the balancing tapes. If no teller is available to perform this function then the Treasurer or Fiscal Deputy will do this audit procedure.

**PICKAWAY COUNTY**  
**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A -133 § .505**  
**DECEMBER 31, 2011**  
**(Continued)**

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

**FINDING 2011-002 (Continued)**

**Significant Deficiency – Internal Controls – County Treasurer’s Office**

**Officials’ Response: (Continued)**

In addition, a new process for auditing “Voids” and “Reversals” through the RECO system is now in place which requires additional approval by either the Treasurer or the Fiscal Deputy, both of whom do not operate cash drawers. A report is generated daily at the end of balancing which shows all transactions that were voided or reversed by each teller and the reason for the action. Any unusual activity can then be detected and questioned.

The ability to place a “400” do not mail code on tax parcels is done through an IAS system known as “TX11”. Because this part of the system is also used for address changes, mortgage company code changes, foreclosure and bankruptcy code and notes, and delinquent accounts that are being processed by the Prosecutor, segregating only the use of the “400” code process could only be done by incurring additional expense to the County through a programming change.

A review process of tax bills in the “400” do not mail status will be implemented on either a bi-weekly or monthly basis. The exact process will require some study as to how to make it effective due to the system limits as noted above, but will be done as soon as possible.



**PICKAWAY COUNTY**  
**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A -133 § .505**  
**DECEMBER 31, 2011**  
**(Continued)**

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

**FINDING NUMBER 2011-003**

**Material Non-Compliance/Significant Deficiency - Cash Management – Fifteen Day Rule**

<b>Finding Number</b>	2011-001
<b>CFDA Title and Number</b>	#14.228
<b>Federal Award Number / Year</b>	B-F-10-1CH-1 / 2010 B-C-08-1CH-1 / 2008 B-C-08-1CH-2 / 2008
<b>Federal Agency</b>	U.S. Department of Housing & Urban Development
<b>Pass-Through Agency</b>	Ohio Department of Development

**24 C.F.R. Section 85.21(c)** states Grantees and subgrantees shall be paid in advance, provided they maintain or demonstrate the willingness and ability to maintain procedures to minimize the time elapsing between the transfer of the funds and their disbursement by the grantee or subgrantee. **Ohio Department of Development, Office of Housing and Community Partnerships’ Financial Management Rules and Regulations Handbook, Section (A)(3)(f)**, further requires grantees to develop a cash management system to ensure compliance with the Fifteen Day Rule relating to prompt disbursement of funds. This rule states that funds drawn down should be limited to amounts that will enable the grantee to disburse funds on hand to a balance of less than \$5,000 within fifteen days of receipt of any funds.

In 2011 the County did not disburse federal cash received from drawdown requests within the 15 day requirement for two of nine of the Community Development Block Grant drawdowns it received, in the amount of \$12,500 and \$63,500; these funds were held 75 and 108 days, respectively.

The County has controls in place over the collection of receipts and payment of expenditures; however these controls did not prevent non-compliance.

Although the County held the monies for more than the allowable 15 day period, funds were deposited in a non-interest bearing account.

We recommend the County adhere to the guidance provided in the Ohio Department of Development, Office of Housing and Community Partnerships’ Financial Management Rules and Regulations Handbook, and ensure compliance with these requirements. Such a system of cash management will allow the County to disburse grant cash drawdowns to a balance of less than \$5,000 within fifteen days of receipt.

**PICKAWAY COUNTY**

**CORRECTIVE ACTION PLAN  
OMB CIRCULAR A -133 § .315(c)  
DECEMBER 31, 2011**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2011-003	The Pickaway County Commissioners are attempting to correct this finding with a plan that includes advances and reimbursements between the general fund and the CDBG fund in an effort to not only avoid these failures, but also pay our vendors in a more expedient manner.	January 2, 2012	Bradley Lutz, County Administrator

PICKAWAY COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
 OMB CIRCULAR A -133 § .315 (b)  
 DECEMBER 31, 2011

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain</b>
2010-001	Financial Statement Adjustments – adjustments were made to the financial statements plus various immaterial adjustments were noted.	No	Re-Issued as Finding 2011-001
2010-002	Cash Management – Material Non-Compliance/Significant Deficiency- The County had controls in place to ensure compliance with the 15 Day Rule related to its CDBG grants, but controls did not operate effectively.	No	Re-Issued as Finding 2011-003

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# Dave Yost • Auditor of State

## PICKAWAY COUNTY FINANCIAL CONDITION

### PICKAWAY COUNTY

#### CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
MAY 28, 2013