FINANCIAL CONDITION
MONROE COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2013

Dave Yost • Auditor of State

MONROE COUNTY

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INDEPENDENT AUDITOR'S REPORT

Monroe County
101 North Main Street
Woodsfield, Ohio 43793

To the Board of County Commissioners:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Other Matters

Required Supplementary Information

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

Supplementary Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2014, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Dave Yost
Auditor of State

Columbus, Ohio

August 25, 2014

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Management's Discussion and Analysis (MD&A) provides the reader with a narrative overview and analysis of Monroe County's (the County) financial activities for the year ended December 31, 2013. The intent of this discussion and analysis is to look at the County's financial performance as a whole. The MD&A should be read in conjunction with the County's basic financial statements and notes to the basic financial statements to enhance their understanding of the County's financial performance.

Financial Highlights

Key financial highlights for 2013 are as follows:

- The County's total net position increased by $2,146,542 from the total net position at the beginning of the year 2013.
- At the end of the current year, the County reported a net position for governmental activities of $29,511,980. Of this amount, only $3,377,605 is unrestricted and may be used to meet the County's ongoing obligations.
- The County had $15,715,042 in expenses related to governmental activities; $12,327,784 of these expenses were offset by program specific charges for services, grants, contributions, and interest. General revenues of $5,732,739 were adequate enough to provide for these programs.
- At the end of the current year, the County's governmental funds reported a combined ending fund balance of $8,506,180, an increase of $813,373 from the prior year. Of this amount, $410,976 is non-spendable, $5,236,092 is restricted, $95,752 is assigned, and $2,763,360 is unassigned and available for spending on behalf of its citizens, as defined in Governmental Accounting Standards Board Statement (GASB) No. 54.
- At the end of the current year, unassigned fund balance for the General Fund was $2,763,360 which represents 53 percent of total General Fund expenditures.

Using This Annual Financial Report

This annual report consists of a series of financial statements. These statements are organized so the reader can understand the County as a financial whole or as an entire operating entity.

The *Statement of Net Position* and the *Statement of Activities* provide information about the activities of the whole County, presenting an aggregate view of the County's finances as well as a longer-term view of those assets.

Fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the County's most significant funds in more detail than the government-wide statements. Nonmajor funds are presented separately from major funds in total and in one column.

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 a private-sector business.

Statement of Net Position

While this document contains information about the funds used by the County to provide services to our citizens, the view of the County as a whole looks at all financial transactions and asks the question, "How did we do financially during 2013?" The Statement of Net Position and the Statement of Activities answer this question.

The Statement of Net Position presents information on all of the County's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between these reported as net position. The Statement of Activities presents information showing how the County's net position changed during the current year. These statements are prepared using the accrual basis of accounting similar to the accounting method used by private sector companies. This basis of accounting takes into consideration all of the current year's revenues and expenses, regardless of when the cash is received or paid.

The change in net position is important because it tells the reader whether, for the County as a whole, the financial position of the County has improved or diminished. However, in evaluating the overall position of the County, nonfinancial information such as changes in the County's tax base and the condition of the County's capital assets will also need to be evaluated.

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

Governmental Activities - Most of the County's programs and services are reported here, including general government, public safety, public works, health, human services, and economic development. 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 County's sole business-type activity is the Care Center.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. Fund financial statements provide detailed information about the County's major funds. Based on the restriction on the use of moneys, the County has established many funds that account for the multitude of services provided to its residents. The County's major governmental funds are the General Fund and the Public Assistance, Maintenance, and Developmental Disabilities Special Revenue Funds.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities on the government-wide financial statements. Most of the County's basic services are reported in these funds that focus on how money flows into and out of the funds and the year end balances available for spending. These funds are reported on the modified accrual basis of accounting that measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services being provided, along with the financial resources available.

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 on the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-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 on the governmental fund balance sheet and on the governmental fund 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 one proprietary fund, the Care Center Enterprise Fund. Enterprise funds are used to report the same functions presented as business-type activities on the government-wide financial statements.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected on the government-wide financial statements because the resources from those funds are not available to support the County's programs. The accounting method used for fiduciary funds is much like that used for the proprietary funds.

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

Government-Wide Financial Analysis

Table 1 provides a summary of the County's net position for 2013 compared to 2012:

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Assets:						
Current and Other Assets	$12,960,904	$12,064,963	$286,838	$571,426	$13,247,742	$12,636,389
Capital Assets, Net	19,993,955	18,190,598	2,087,746	2,171,473	22,081,701	20,362,071
Total Assets	32,954,859	30,255,561	2,374,584	2,742,899	35,329,443	32,998,460
Liabilities:						
Current and Other Liabilities	959,417	1,043,182	330,205	323,322	1,289,622	1,366,504
Long-Term Liabilities	1,140,721	747,805	1,992,676	2,168,935	3,133,397	2,916,740
Total Liabilities	2,100,138	1,790,987	2,322,881	2,492,257	4,423,019	4,283,244
Deferred Infows of Resources:						
Property Taxes not intended to Finance Current Year Operations	1,342,741	1,298,075	0	0	1,342,741	1,298,075
Net Position:						
Net Investment in Capital Assets	19,390,031	17,817,238	235,593	185,204	19,625,624	18,002,442
Restricted	6,744,344	6,808,729		0	6,744,344	6,808,729
Unrestricted (Deficit)	3,377,605	2,540,532	(183,890)	65,438	3,193,715	2,605,970
Total Net Position	$29,511,980	$27,166,499	$51,703	$250,642	$29,563,683	$27,417,141

As noted earlier, the County's net position, when reviewed over time, may serve as a useful indicator of the County's financial position. In the case of the County, assets exceeded liabilities and deferred inflows of resources by $29,563,683 ($29,511,980 in governmental activities and $51,703 in business-type activities) as of December 31, 2013. The change in net position, an increase of $2,146,542, represents approximately 8 percent increase from the prior year's balance. This immaterial change shows that the County has stabilized the programs that produce the above balances.

A portion of the County's net position, $19,625,624, or 66 percent, reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The County uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. By far the next largest portion of the County's net position, $6,744,344, or 23 percent, represents resources that are subject to restrictions on how they can be used. The balance of unrestricted net position (11 percent) is to be used to meet the County's ongoing obligations to citizens and creditors.

Table 2 shows the changes in net position for 2013, compared to the changes in net position for 2012:

Table 2
Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program Revenues						
Charges for Services	$2,817,470	$3,466,906	$3,676,952	$3,837,995	$6,494,422	$7,304,901
Operating Grants, Contributions, and Interest	7,875,869	7,597,190	0	0	7,875,869	7,597,190
Capital Grants and Contributions	1,634,445	1,263,926	0	0	1,634,445	1,263,926
Total Program Revenues	12,327,784	12,328,022	3,676,952	3,837,995	16,004,736	16,166,017
General Revenues						
Property Taxes	1,866,578	1,734,591	0	0	1,866,578	1,734,591
Permissive Sales Taxes	2,205,307	1,961,452	0	0	2,205,307	1,961,452
Intergovernmental	633,849	567,498	0	0	633,849	567,498
Royalty Revenue	391,977	0	0	0	391,977	0
Investment Earnings	133,852	116,217	0	0	133,852	116,217
Gain on Sale of Capital Assets	0	25,900	0	0	0	25,900
Miscellaneous	501,176	204,879	4,963	2,991	506,139	207,870
Total General Revenues	5,732,739	4,610,537	4,963	2,991	5,737,702	4,613,528
Total Revenues	18,060,523	16,938,559	3,681,915	3,840,986	21,742,438	20,779,545
Program Expenses						
General Government						
Legislative and Executive	2,185,138	1,965,626	0	0	2,185,138	1,965,626
Judicial	871,521	1,031,831	0	0	871,521	1,031,831
Public Safety	2,249,939	2,171,983	0	0	2,249,939	2,171,983
Public Works	4,337,704	4,407,686	0	0	4,337,704	4,407,686
Health	2,581,969	2,431,401	0	0	2,581,969	2,431,401
Human Services	3,254,435	3,023,334	0	0	3,254,435	3,023,334
Economic Development	215,447	625,358	0	0	215,447	625,358
Interest and Fiscal Charges	18,889	15,906	0	0	18,889	15,906
Care Center	0	0	3,880,854	4,008,636	3,880,854	4,008,636
Total Expenses	15,715,042	15,673,125	3,880,854	4,008,636	19,595,896	19,681,761
Change in Net Position	2,345,481	1,265,434	(198,939)	(167,650)	2,146,542	1,097,784
Net Position Beginning of Year	27,166,499	25,901,065	250,642	418,292	27,417,141	26,319,357
Net Position End of Year	$29,511,980	$27,166,499	$51,703	$250,642	$29,563,683	$27,417,141

Governmental Activities

Total revenues of the governmental activities increased by $1,121,964 during 2013. The County's direct charges to users of governmental services made up $2,817,470 or 16 percent of total governmental revenues. Operating grants, contributions, and restricted interest were the largest program revenues, accounting for $7,875,869 or44 percent of total revenues for governmental activities. Capital grants and contributions reflects an increase from the prior year in the amount of $370,519. The major recipients of intergovernmental revenues were the public assistance, public works, and health programs.

Permissive sales tax revenues account for $2,205,307 or 12 percent of total governmental revenues. Another major component of general governmental revenues was property tax revenues, which accounted for $1,866,578 or 10 percent of total governmental revenues. The County's human services programs accounted for $3,254,435, or 21 percent of total expenses for governmental activities. Other major program expenses for governmental activities include public works programs, which accounted for $4,337,704 or 28 percent of total expenses, and health programs, which accounted for $2,581,969 or 16 percent of total expenses. The largest change in expenses occurred in the economic development program, a decrease of $409,911. This decrease results mostly from the cyclical operations of the County's community development block grant activities.

Business-Type Activities

The net position for business-type activities decreased $198,939 during 2013. Charges for services were the only program revenue, accounting for $3,676,952 or 99 percent of total business-type revenues.

Table 3, for governmental activities, indicates the total cost of services and the net cost of services for 2013, as compared to 2012. The Statement of Activities reflects the cost of program services and the charges for services, grants, contributions, and interest offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues, unrestricted intergovernmental revenues, and unrestricted interest earnings.

Table 3
Governmental Activities

	Total Cost of Services 2013	Net Cost (Revenue) of Services 2013	Total Cost of Services 2012	Net Cost (Revenue) of Services 2012
General Government				
Legislative and Executive	$2,185,138	$905,848	$1,965,626	$120,141
Judicial	871,521	439,921	1,031,831	559,257
Public Safety	2,249,939	1,099,362	2,171,983	949,255
Public Works	4,337,704	(719,704)	4,407,686	(248,737)
Health	2,581,969	1,281,314	2,431,401	1,381,525
Human Services	3,254,435	251,355	3,023,334	30,926
Economic Development	215,447	110,273	625,358	536,830
Interest and Fiscal Charges	18,889	18,889	15,906	15,906
Total Expenses	$15,715,042	$3,387,258	$15,673,125	$3,345,103

Charges for services, operating and capital grants, contributions, and interest of $12,327,784, or 78 percent of the total costs of services, were received and used to fund the governmental activities expenses of the County. The remaining $3,387,258 in governmental expenses is funded by property and permissive sales taxes, non-restricted intergovernmental revenues, interest, and miscellaneous revenues.

Financial Analysis of County Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. Governmental Accounting Standards Board (GASB) Statement No. 54 established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of resources reported in governmental funds. In particular, unassigned fund balance may serve as a useful measure of the County's net resources available for spending at the end of the year.

As of December 31, 2013, the County's governmental funds reported a combined ending fund balance of $8,506,180, an increase of $813,373 in comparison with the prior year. Of that total ending fund balance, $410,976 is non-spendable, $5,236,092 is restricted, $95,752 is assigned, and $2,763,360 is unassigned, as defined in GASB Statement No. 54. Of the amount restricted, $218,853 is restricted for court corrections, $1,336,248 is restricted for roads and bridges, $612,716 is restricted for human services, $1,884,328 is restricted for developmental disabilities, $93,719 is restricted for health, $110,150 is restricted for community development, $260,164 is restricted for public safety, and $719,914 is restricted for other purposes.

The General Fund is the primary operating fund of the County. At the end of 2013, unassigned fund balance was $2,763,360, while total fund balance was $2,942,594. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 53 percent to total General Fund expenditures, while total fund balance represents 56 percent of that same amount. The fund balance increased from 2012 by $748,663. Management is working hard to maintain expenditures and other financing uses at or below fixed revenue sources.

At the end of 2013, the Public Assistance Special Revenue Fund had a fund balance of $193,497, in comparison to a fund balance of $199,730, a decrease of $6,233 from the previous year. This minimal change is a direct result of this department keeping expenditures in line with revenues and not over-extending the budget, thus reserving cash for carryover into the following year.

The fund balance of the Maintenance Special Revenue Fund at December 31, 2013 was $1,516,714, a decrease of $42,761 from the previous year. This minimal change is a direct result of this department matching projected revenue streams and spending levels. Due to this conservative budgeting, this department was able to maintain an adequate fund balance for carryover into the next year.

The fund balance of the Developmental Disabilities Special Revenue Fund at December 31, 2013 was $1,898,652 a decrease of $11,475. This modest change is the result of increased expenditures within this department.

Proprietary Funds - The County maintains one proprietary fund, the Care Center Enterprise Fund. Enterprise funds are used to report functions presented as business-type activities on the government-wide financial statements. As of December 31, 2013, net position for the County's enterprise fund was $51,703. Of that total, ($183,890) represents unrestricted net position. The County Care Center has raised fees and limited spending to attempt to increase their net position for the following year.

General Fund Budgetary Highlights

The County's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. By State statute, the Board of County Commissioners adopts a temporary operating budget for the County prior to the first day of January. The Board of County Commissioners adopts a permanent annual operating budget for the County prior to the first day of April.

During the course of 2013, the County amended its General Fund estimated revenues and appropriations, and the budgetary statements reflect both the original and final appropriation amounts. For the General Fund, original budgeted revenues were $4,665,864 and final budgeted revenues were $5,062,389. Original budgeted expenditures were $5,138,879 and final budgeted expenditures were $5,797,391. The ending fund balance was $1,967,374 higher than the final budgeted amount of $212,796.

Capital Assets and Debt Administration

Capital Assets - The County's capital assets for governmental and business-type activities as of December 31, 2013 were $22,081,701 (net of accumulated depreciation). This includes land, infrastructure, buildings and improvements, and vehicles and equipment. Table 4 provides a comparison of capital assets as of the end of 2012 and 2013. In addition, Note 9 (Capital Assets) provides capital asset activity during 2013:

Table 4
Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2012	2011
Land	$77,802	$56,927	$0	$0	$77,802	$56,927
Infrastructure	14,967,069	13,564,148	0	0	14,967,069	13,564,148
Buildings and Improvements	1,764,039	1,663,013	2,087,746	2,171,473	3,851,785	3,834,486
Vehicles and Equipment	3,185,045	2,906,510	0	0	3,185,045	2,906,510
Total Capital Assets	$19,993,955	$18,190,598	$2,087,746	$2,171,473	$22,081,701	$20,362,071

Long-Term Debt - As of December 31, 2013, the County had total debt outstanding of $2,519,229; $603,924 in governmental activities and $1,915,305 in business-type activities. Table 5 outlines the long-term debt held by the County during 2013 and 2012:

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
General Obligation Bonds	$165,327	$180,027	$1,915,305	$2,053,368	$2,080,632	$2,233,395
Municipal Lease Loan	276,645				276,645	
Capital Leases	161,952	193,333			161,952	193,333
Total Long-Term Debt	$603,924	$373,360	$1,915,305	$2,053,368	$2,519,229	$2,426,728

In addition to the above debt, the County's long-term obligations include compensated absences. Additional information on the County's long-term debt can be found in Note 15 of this report. The County's total unvoted legal debt margin at December 31, 2013, is $2,428,873.

Economic Factors

The County is currently stable financially with the help of the recent increase in the oil and gas industry. Department heads are continuing to remain within their appropriated budgets for the year.

The various economic factors were considered in the preparation of the County's 2013 budget, and will be considered in the preparation of future budgets. Appropriate measures will be taken to ensure spending is within available resources.

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 or requests for additional information should be addressed to Pandora Neuhart, Monroe County Auditor, 101 North Main Street, Room 22, Woodsfield, Ohio 43793.

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

	Primary Government		
	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	$7,330,465	$194,188	$7,524,653
Cash and Cash Equivalents In Segregated Accounts	0	4,021	4,021
Cash and Cash Equivalents with Fiscal Agents	300,850	0	300,850
Property Taxes Receivable	1,431,806	0	1,431,806
Accounts Receivable	149,427	291,684	441,111
Interest Receivable	19,825	0	19,825
Internal Balances	224,451	(224,451)	0
Intergovernmental Receivable	2,596,455	0	2,596,455
Prepaid Items	74,181	11,346	85,527
Sales Taxes Receivable	551,111	0	551,111
Loans Receivable	65,328	0	65,328
Materials and Supplies Inventory	217,005	10,050	227,055
Non-Depreciable Capital Assets	77,802	0	77,802
Depreciable Capital Assets, Net	19,916,153	2,087,746	22,003,899
Total Assets	32,954,859	2,374,584	35,329,443
Liabilities			
Accounts Payable	356,828	165,591	522,419
Accrued Wages Payable	245,110	75,932	321,042
Matured Compensated Absences Payable	19,362	3,200	22,562
Intergovernmental Payable	290,289	77,679	367,968
Accrued Interest Payable	7,463	7,803	15,266
Unearned Revenue	40,365	0	40,365
Long-Term Liabilities:			
Due Within One Year	349,590	207,172	556,762
Due In More Than One Year	791,131	1,785,504	2,576,635
Total Liabilities	2,100,138	2,322,881	4,423,019
Deferred Inflows of Resources			
Property Taxes not Levied to Finance Current Year Operations	1,342,741	0	1,342,741
Net Position			
Net Investment in Capital Assets	19,390,031	235,593	19,625,624
Restricted for:			
Other Purposes	512,075	0	512,075
Unclaimed Monies	54,462	0	54,462
Capital Projects	103,499	0	103,499
Public Assistance	410,177	0	410,177
Children Services	163,056	0	163,056
Court Operations	427,344	0	427,344
Real Estate Assessment	452,502	0	452,502
Road and Bridge Maintenance	2,399,076	0	2,399,076
Developmental Disabilities	1,943,975	0	1,943,975
Community Development	278,178	0	278,178
Unrestricted (Deficit)	3,377,605	(183,890)	3,193,715
Total Net Position	$29,511,980	$51,703	$29,563,683

See accompanying notes to the basic financial statements

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

		Program Revenues			Net (Expense) Revenue and Change in Net Position — Primary Government		
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants and Contributions	Governmental Activities	Business - Type Activities	Total
Primary Government:							
Governmental Activities:							
General Government:							
Legislative and Executive	$2,185,138	$1,250,103	$29,187	$0	($905,848)	$0	($905,848)
Judicial	871,521	344,000	87,600	0	(439,921)	0	(439,921)
Public Safety	2,249,939	607,809	511,704	31,064	(1,099,362)	0	(1,099,362)
Public Works	4,337,704	45,429	3,437,047	1,574,932	719,704	0	719,704
Health	2,581,969	172,419	1,128,236	0	(1,281,314)	0	(1,281,314)
Human Services	3,254,435	395,199	2,579,432	28,449	(251,355)	0	(251,355)
Economic Development	215,447	2,511	102,663	0	(110,273)	0	(110,273)
Interest and Fiscal Charges	18,889	0	0	0	(18,889)	0	(18,889)
Total Governmental Activities	15,715,042	2,817,470	7,875,869	1,634,445	(3,387,258)	0	(3,387,258)
Business-Type Activities:							
Care Center	3,880,854	3,676,952	0	0	0	(203,902)	(203,902)
Total Business-Type Activities	3,880,854	3,676,952	0	0	0	(203,902)	(203,902)
Total Primary Government	$19,595,896	$6,494,422	$7,875,869	$1,634,445	(3,387,258)	(203,902)	(3,591,160)

	Governmental Activities	Business - Type Activities	Total
General Revenues			
Property Taxes Levied for:			
General Purposes	989,874	0	989,874
Health	876,704	0	876,704
Sales Taxes Levied for General Purposes	2,205,307	0	2,205,307
Grants and Entitlements not Restricted to Specific Programs	633,849	0	633,849
Royalty Revenue	391,977	0	391,977
Investment Earnings	133,852	0	133,852
Miscellaneous	501,176	4,963	506,139
Total General Revenues	5,732,739	4,963	5,737,702
Change in Net Position	2,345,481	(198,939)	2,146,542
Net Position Beginning of Year	27,166,499	250,642	27,417,141
Net Position End of Year	$29,511,980	$51,703	$29,563,683

See accompanying notes to the basic financial statements

Monroe County, Ohio
Balance Sheet
Governmental Funds
December 31, 2013

	General	Public Assistance	Maintenance	Developmental Disabilities	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	$2,427,568	$288,394	$1,068,720	$1,576,770	$1,914,551	$7,276,003
Cash and Cash Equivalents with Fiscal Agents	0	0	0	300,850	0	300,850
Receivables:						
Property Taxes	827,210	0	0	604,596	0	1,431,806
Interest	19,825	0	0	0	0	19,825
Interfund	312,212	43,612	0	0	8,712	364,536
Accounts	123,125	4,432	1,768	0	20,102	149,427
Intergovernmental	323,390	87,237	1,640,961	165,066	379,801	2,596,455
Sales Taxes	551,111	0	0	0	0	551,111
Loans Receivable	0	0	0	0	65,328	65,328
Prepaid Items	41,790	8,008	8,776	11,074	4,533	74,181
Materials and Supplies Inventory	23,277	2,152	186,101	3,250	2,225	217,005
Restricted Cash and Cash Equivalents	18,415	0	0	0	36,047	54,462
Total Assets	$4,667,923	$433,835	$2,906,326	$2,661,606	$2,431,299	$13,100,989
Liabilities and Fund Balances						
Liabilities						
Accounts Payable	$131,440	$58,322	$104,352	$24,790	$37,924	$356,828
Interfund Payable	760	30,000	30,603	0	78,722	140,085
Matured Compensated Absences Payable	0	0	19,362	0	0	19,362
Accrued Wages Payable	60,805	38,403	84,922	33,572	27,408	245,110
Intergovernmental Payable	151,068	28,561	49,996	33,856	26,808	290,289
Unearned Revenue	0	0	0	0	40,365	40,365
Total Liabilities	344,073	155,286	289,235	92,218	211,227	1,092,039
Deferred Inflows of Revenues						
Property Taxes not Levied to Finance Current Year Operations	775,754	0	0	566,987	0	1,342,741
Unavailable Revenue	605,502	85,052	1,100,377	103,749	265,349	2,160,029
Total Deferred Inflows of Revenues	1,381,256	85,052	1,100,377	670,736	265,349	3,502,770
Fund Balances						
Nonspendable	83,482	10,160	194,877	14,324	108,133	410,976
Restricted	0	183,337	1,321,837	1,884,328	1,846,590	5,236,092
Assigned	95,752	0	0	0	0	95,752
Unassigned (Deficit)	2,763,360	0	0	0		2,763,360
Total Fund Balances	2,942,594	193,497	1,516,714	1,898,652	1,954,723	8,506,180
Total Liabilities, Deferred Inflows of Revenues, and Fund Balances	$4,667,923	$433,835	$2,906,326	$2,661,606	$2,431,299	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		19,993,955
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property Taxes	89,065	
Sales Taxes	218,082	
Accrued Interest	13,987	
Accounts Receivable	176,032	
Intergovernmental	1,662,863	
Total		2,160,029
Long-term liabilities and accrued interest are not due and payable in the current period and therefore are not reported in the funds.		
General Obligation Bonds	(165,327)	
Capital Leases	(161,952)	
Municipal Lease Loan	(276,645)	
Compensated Absences	(536,797)	
Accrued Interest Payable	(7,463)	
Total		(1,148,184)
Net Position of Governmental Activities		$29,511,980

See accompanying notes to the basic financial statements

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

	General	Public Assistance	Maintenance	Developmental Disabities	Other Governmental Funds	Total Governmental Funds
Revenues						
Property Taxes	$984,739	$0	$0	$756,166	$116,017	$1,856,922
Permissive Sales Taxes	2,192,248	0	0	0	0	2,192,248
Intergovernmental	721,589	1,896,929	3,389,851	1,113,914	2,653,848	9,776,131
Interest	136,493	0	4,852	25	4,431	145,801
Licenses and Permits	1,784	0	0	0	49,719	51,503
Fines and Forfeitures	40,879	0	9,421	0	34,125	84,425
Rentals	25,900	0	0	0	2,374	28,274
Royalty Revenue	391,977	0	0	0	0	391,977
Charges for Services	1,582,661	272,513	36,008	10,959	740,860	2,643,001
Contributions and Donations	250	0	0	0	181	431
Other	223,818	58,457	16,457	47,861	128,418	475,011
Total Revenues	6,302,338	2,227,899	3,456,589	1,928,925	3,729,973	17,645,724
Expenditures						
Current:						
General Government:						
Legislative and Executive	2,053,661	0	0	0	257,189	2,310,850
Judicial	727,466	0	0	0	124,306	851,772
Public Safety	1,678,576	0	0	0	467,834	2,146,410
Public Works	23,500	0	3,482,027	0	1,727,265	5,232,792
Health	543,542	0	0	1,897,365	199,958	2,640,865
Human Services	164,870	2,234,132	0	0	842,557	3,241,559
Economic Development	48,917	0	0	0	165,745	214,662
Capital Outlay	0	0	0	68,220	334,667	402,887
Debt Service:						
Principal Retirement	0	0	61,139	38,462	38,055	137,656
Interest and Fiscal Charges	0	0	4,461	4,573	12,084	21,118
Total Expenditures	5,240,532	2,234,132	3,547,627	2,008,620	4,169,660	17,200,571
Excess of Revenues Over(Under) Expenditures	1,061,806	(6,233)	(91,038)	(79,695)	(439,687)	445,153
Other Financing Sources (Use)						
Transfers In	0	0	329,933	0	445,587	775,520
Proceeds of Loans	0	0	0	0	300,000	300,000
Inception of Capital Lease	0	0	0	68,220	0	68,220
Transfers Out	(313,143)	0	(281,656)	0	(180,721)	(775,520)
Total Other Financing Sources (Use)	(313,143)	0	48,277	68,220	564,866	368,220
Net Change in Fund Balances	748,663	(6,233)	(42,761)	(11,475)	125,179	813,373
Fund Balances at Beginning of Year	2,193,931	199,730	1,559,475	1,910,127	1,829,544	7,692,807
Fund Balances at End of Year	$2,942,594	$193,497	$1,516,714	$1,898,652	$1,954,723	$8,506,180

See accompanying notes to the basic financial statements

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

Net Change in Fund Balances - Governmental Funds		$813,373
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 outlay exceeded depreciation in the current period:		
Capital Asset Additions	2,616,384	
Capital Asset Additions - Capital Contributions	295,361	
Current Year Depreciation	(1,098,068)	
Total		1,813,677
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss from the disposal of assets.		(10,320)
Revenues and expenses in the statement of activities that do not provide current financial resources are not reported as revenues and expenditures in the funds:		
Property Taxes	9,656	
Intergovernmental	62,932	
Sales Taxes	13,059	
Charges for Services	10,267	
Interest	(2,641)	
Other	26,165	
Total		119,438
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		137,656
Inception of capital leases and proceeds of loans are shown as other financing sources in the governmental funds, but the inception and proceeds increases long-term liabilities in the statement of net position.		(368,220)
Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of activities.		2,229
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:		
Compensated Absences Payable		(162,352)
Change in Net Position of Governmental Activities		$2,345,481

See accompanying notes to the basic financial statements

Monroe County, Ohio
Statement of Revenues, Expenditures, and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2013

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Property Taxes	$912,200	$912,200	$983,616	$71,416
Permissive Sales Taxes	1,800,000	1,833,629	2,152,813	319,184
Intergovernmental	509,200	754,336	712,090	(42,246)
Charges for Services	1,156,112	1,209,842	2,013,340	803,498
Fines and Forfeitures	42,160	42,160	40,879	(1,281)
Licenses and Permits	700	1,000	1,759	759
Interest	100,000	100,000	119,101	19,101
Rent	360	360	10	(350)
Royalty Revenue	0	0	391,023	391,023
Contributions and Donations	300	300	250	(50)
Other	144,832	208,562	227,025	18,463
Total Revenues	4,665,864	5,062,389	6,641,906	1,579,517
Expenditures				
Current:				
General Government:				
Legislative and Executive	2,031,323	2,349,821	2,140,005	209,816
Judicial	933,117	826,899	732,123	94,776
Public Safety	1,456,838	1,753,208	1,723,768	29,440
Public Works	15,000	23,500	23,500	0
Health	497,152	588,127	566,106	22,021
Human Services	205,449	205,836	166,634	39,202
Community and Economic Development	0	50,000	48,917	1,083
Total Expenditures	5,138,879	5,797,391	5,401,053	396,338
Excess of Revenues Over (Under) Expenditures	(473,015)	(735,002)	1,240,853	1,975,855
Other Financing Sources (Uses)				
Transfers In	12,413	12,413	0	(12,413)
Advances In	0	0	2,787	2,787
Transfers Out	(200,972)	(314,288)	(313,143)	1,145
Advances Out	0	(194,377)	(194,377)	0
Total Other Financing Sources (Uses)	(188,559)	(496,252)	(504,733)	(8,481)
Net Change in Fund Balance	(661,574)	(1,231,254)	736,120	1,967,374
Fund Balance at Beginning of Year	1,363,514	1,363,514	1,363,514	0
Prior Year Encumbrances	80,536	80,536	80,536	0
Fund Balance at End of Year	$782,476	$212,796	$2,180,170	$1,967,374

See accompanying notes to the basic financial statements

Monroe County, Ohio
Statement of Revenues, Expenditures, and Changes In Fund Balance - Budget (Non-GAAP Basis) and Actual
Public Assistance Fund
For the Year Ended December 31, 2013

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Charges for Services	$255,027	$255,027	$255,027	$0
Intergovernmental	1,746,800	2,221,419	1,892,275	(329,144)
Other	100,200	100,200	54,025	(46,175)
Total Revenues	2,102,027	2,576,646	2,201,327	(375,319)
Expenditures				
Current:				
Human Services	2,337,821	2,777,944	2,242,138	535,806
Excess of Revenues Over (Under) Expenditures	(235,794)	(201,298)	(40,811)	160,487
Other Financing Sources (Use)				
Transfers In	304,973	333,482	0	(333,482)
Advances In	0	0	30,000	30,000
Transfers Out	0	(136,000)	0	136,000
Total Other Financing Sources (Use)	304,973	197,482	30,000	(167,482)
Net Change in Fund Balance	69,179	(3,816)	(10,811)	(6,995)
Fund Balance at Beginning of Year	226,281	226,281	226,281	0
Prior Year Encumbrances Appropriated	35,121	35,121	35,121	0
Fund Balance at End of Year	$330,581	$257,586	$250,591	($6,995)

See accompanying notes to the basic financial statements

Monroe County, Ohio

Statement of Revenues, Expenditures, and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Maintenance Fund
For the Year Ended December 31, 2013

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues				
Intergovernmental	$3,300,000	$3,300,000	$3,360,686	$60,686
Charges for Services	25,000	25,000	35,795	10,795
Fines and Forfeitures	7,650	7,650	9,421	1,771
Interest	1,500	1,500	4,920	3,420
Other	25,000	25,000	14,902	(10,098)
Total Revenues	3,359,150	3,359,150	3,425,724	66,574
Expenditures				
Current:				
Public Works	3,316,050	3,929,550	3,500,291	429,259
Debt Service:				
Principal	61,139	61,139	61,139	0
Interest	4,461	4,461	4,461	0
Total Expenditures	3,381,650	3,995,150	3,565,891	429,259
Excess of Revenues Over (Under) Expenditures	(22,500)	(636,000)	(140,167)	495,833
Other Financing Sources (Uses)				
Transfers In	75,000	329,000	329,933	933
Advances In	0	0	311,000	311,000
Transfers Out	(120,000)	(283,500)	(281,656)	1,844
Advances Out	0	(311,000)	(311,000)	0
Total Other Financing Sources (Uses)	(45,000)	(265,500)	48,277	313,777
Net Change in Fund Balance	(67,500)	(901,500)	(91,890)	809,610
Fund Balance at Beginning of Year	1,160,128	1,160,128	1,160,128	0
Fund Balance at End of Year	$1,092,628	$258,628	$1,068,238	$809,610

See accompanying notes to the basic financial statements

Monroe County, Ohio

Statement of Revenues, Expenditures, and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Developmental Disabilities Fund
For the Year Ended December 31, 2013

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues				
Property Taxes	$649,000	$649,000	$755,204	$106,204
Charges for Services	2,000	6,000	11,177	5,177
Intergovernmental	713,000	799,900	1,080,679	280,779
Interest	2,000	2,000	25	(1,975)
Other	14,000	10,000	47,888	37,888
Total Revenues	1,380,000	1,466,900	1,894,973	428,073
Expenditures				
Current:				
Health	1,401,965	2,238,770	1,927,308	311,462
Debt Service:				
Principal Retirements	38,462	38,462	38,462	0
Interest and Fiscal Charges	4,573	4,573	4,573	0
Total Expenditures	1,445,000	2,281,805	1,970,343	311,462
Excess of Revenues Over (Under) Expenditures	(65,000)	(814,905)	(75,370)	739,535
Other Financing Source (Use)				
Transfers In	30,000	236,000	0	(236,000)
Transfers Out	(25,000)	(570,000)	0	570,000
Total Other Financing Source (Use)	5,000	(334,000)	0	334,000
Net Change in Fund Balance	(60,000)	(1,148,905)	(75,370)	1,073,535
Fund Balance at Beginning of Year	1,927,297	1,927,297	1,927,297	0
Fund Balance at End of Year	$1,867,297	$778,392	$1,851,927	$1,073,535

See accompanying notes to the basic financial statements

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

	Business-Type Activity Care Center
Assets	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	$194,188
Cash and Cash Equivalents in Segregated Accounts	4,021
Accounts Receivable	291,684
Prepaid Items	11,346
Interfund Receivable	48
Materials and Supplies Inventory	10,050
Total Current Assets	511,337
Noncurrent Assets:	
Depreciable Capital Assets, Net	2,087,746
Total Assets	2,599,083
Liabilities	
Current Liabilities:	
Accounts Payable	165,591
Accrued Wages Payable	75,932
Intergovernmental Payable	77,679
Accrued Interest Payable	7,803
Matured Compensated Absences Payable	3,200
Compensated Absences Payable	72,172
Current Portion of General Obligation Bonds Payable	135,000
Interfund Payable	224,499
Total Current Liabilities	761,876
Long-Term Liabilities (Net of Current Portion):	
Compensated Absences Payable	5,199
General Obligation Bonds Payable	1,780,305
Total Long-Term Liabilities	1,785,504
Total Liabilities	2,547,380
Net Position	
Net Investment in Capital Assets	235,593
Unrestricted (Deficit)	(183,890)
Total Net Position	$51,703

See accompanying notes to the basic financial statements

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

	Business-Type Activity
	Care Center
Operating Revenues	
Charges for Services	$3,676,952
Other	942
Total Operating Revenues	3,677,894
Operating Expenses	
Personal Services	2,213,934
Contractual Services	1,103,126
Materials and Supplies	330,566
Depreciation	83,727
Other	55,241
Total Operating Expenses	3,786,594
Operating Loss	(108,700)
Non-Operating Revenues (Expenses)	
Other Non-Operating Revenues	4,021
Interest and Fiscal Charges	(94,260)
Total Non-Operating Revenues (Expenses)	(90,239)
Change in Net Position	(198,939)
Net Position Beginning of Year	250,642
Net Position End of Year	$51,703

See accompanying notes to the basic financial statements

Monroe County, Ohio
Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2013

	Business-Type Activity Care Center
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Customers	$3,812,949
Cash Received from Other Operating Revenues	2,184
Cash Received from Other Non-Operating Revenues	4,021
Cash Payments for Employee Services and Benefits	(2,271,721)
Cash Payments for Goods and Services	(1,357,898)
Other Operating Expenses	(63,031)
Net Cash Provided by Operating Activities	126,504
Cash Flows from Noncapital Financing Activities	
Advances In	150,000
Cash Flows from Capital and Related Financing Activities	
Principal Paid on General Obligation Bonds	(135,000)
Interest and Fiscal Charges Paid on General Obligation Bonds	(97,753)
Net Cash Used for Capital and Related Financing Activities	(232,753)
Net Increase in Cash and Cash Equivalents	43,751
Cash and Cash Equivalents Beginning of Year	154,458
Cash and Cash Equivalents End of Year	$198,209
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities	
Operating Loss	($108,700)
Adjustments:	
Depreciation	83,727
Other Non-Operating Revenues	4,021
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	135,784
Decrease in Materials and Supplies Inventory	21,752
Increase in Prepaid Items	(8,307)
Decrease in Interfund Receivable	213
Increase in Accounts Payable	23,485
Decrease in Accrued Wages Payable	(6,466)
Decrease in Compensated Absences Payable	(35,028)
Increase in Interfund Payable	28,897
Decrease in Intergovernmental Payable	(12,874)
Net Cash Provided by Operating Activities	$126,504

See accompanying notes to the basic financial statements

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

Assets	
Equity in Pooled Cash and Cash Equivalents	$1,718,266
Cash and Cash Equivalents in Segregated Accounts	140,326
Investments in Segregated Accounts	85,394
Receivables:	
Property Taxes	12,043,505
Accounts Receivable	98,499
Intergovernmental	1,691,322
Total Assets	$15,777,312
Liabilities	
Intergovernmental Payable	$14,911,072
Deposits Held and Due to Others	711,523
Undistributed Monies	154,717
Total Liabilities	$15,777,312

See accompanying notes to the basic financial statements

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NOTE 1 - REPORTING ENTITY

Established in 1813, Monroe County, Ohio (the County), is governed by a board of three commissioners elected by the voters of the County. Other officials elected by the voters of the County who manage various segments of the County's operations are the County Auditor, County Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, a County Court Judge, and a Common Pleas-Juvenile-Probate 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 chief administrators of public services for the County, including each of these departments.

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.

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the program's governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organization; or (2) the County is legally entitled to or can access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Component units may also include organizations for which the County approves the budget, the levying of taxes, the issuance of debt, and there is a potential for the organization to provide specific financial benefits to, or impose financial burden on, the primary government. The Monroe Adult Crafts Organization, Inc. (Workshop) was previously presented as a component unit of the County. However, for 2013, this component unit's activity was considered insignificant and thus excluded from the financial statements.

The following potential component units have been excluded from the County's financial statements because the County is not financially accountable for these organizations nor are these entities for which the County approves the budget, the issuing of debt, or the levying of taxes:

Monroe County Agricultural Society
Monroe County Historical Society

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 separate agencies, boards, and commissions listed below, the County serves as fiscal agent, but is not financially accountable for their operations. Accordingly, the activity of the following entities is presented as agency funds in the County's financial statements:

Monroe County General Health District (District) - The District is a separately elected governing body that is legally separate. The five-member Board of Directors which oversees the operation of the District is elected by a District Advisory Council comprised of township trustees, mayors of participating municipalities, and members of the District, and approves the District's budget; however, this oversight is ministerial. The County will report the District and its activity will be reported as an agency fund.

Monroe County Soil and Water Conservation District (SWCD) - The SWCD is statutorily created as a separate and distinct political subdivision of the State. The five supervisors of the SWCD are elected officials, authorized to contract and sue on behalf of the District. The supervisors adopt their own budget, authorize SWCD expenditures, hire and fire staff, and do not rely on the County to finance deficits.

The Monroe County Regional Planning Commission, Monroe County Family and Children First Council, and the Monroe County Park District are presented as agency funds of the County because the County Auditor is the fiscal agent for these organizations.

The County participates in the following organizations which are defined as jointly governed organizations. Additional financial information concerning the jointly governed organizations is discussed in Note 17.

Buckeye Hills-Hocking Valley Regional Development District
Joint Solid Waste District
Guernsey-Monroe-Noble Community Action Corporation (GMN)
Belmont, Harrison, and Monroe Counties Cluster
Mental Health Recovery Board
South Eastern Narcotics Team (SENT)
Monroe County Family and Children First Council
Buckeye Hills Resource Conservation and Development Project
Mid Eastern Ohio Regional Council of Governments (MEORC)
Ohio Valley Employment Resource
Oakview Juvenile Residential Center

The County is associated with the following organizations which are defined as related organizations. Additional financial information concerning the related organizations is presented in Note 18.

Monroe County District Public Library
Monroe County Community Improvement Corporation (CIC)
Monroe County Emergency Medical Service

The County is associated with the County Risk Sharing Authority, Inc. (CORSA) and the County Commissioners Association of Ohio Workers' Compensation Group Retrospective Rating Program which are defined as public entity pools. Additional information concerning these organizations is presented in Note 19.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

The County's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements The Statement of Net Position and the Statement of Activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the County that are governmental and those that are considered business-type activities.

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

Fund Financial Statements During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. 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 deferred outflows of resources, and liabilities and deferred inflows of resources is reported as fund balance. The following are the County's major governmental funds:

General Fund - The General Fund accounts for 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.

Public Assistance Fund - The Public Assistance Fund accounts for various federal and state grants restricted to provide public assistance to general relief recipients and to pay their providers of medical assistance and certain public social services.

Maintenance Fund - This fund accounts for revenue derived from motor vehicle licenses, gasoline taxes, grants, permissive sales taxes, and interest. Expenditures in this fund are restricted by State law to County road and bridge repair/improvements programs.

Developmental Disabilities Fund - The Developmental Disabilities Fund accounts for property tax revenues and federal and state grants. Expenditures are restricted by state law to those that benefit the developmentally disabled.

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

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

Enterprise Funds - Enterprises funds may be used to account for any activity for which a fee is charged to external users for goods and services. The County reports the following major enterprise fund:

Care Center Fund - The Care Center Fund accounts for activity associated with the operation of a nursing home and rehabilitation center. Revenues are derived from patients and other non-operating sources. Expenses are for operating and capital related financing activities from the operation of the center.

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

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

C. Measurement Focus

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

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

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

D. Basis of Accounting

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

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

Nonexchange transactions, in which the County receives value without directly giving equal value in return, include sales taxes, property taxes, grants, entitlements, and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the year for which the taxes are levied (see Note 6). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the County must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Unearned revenue represents amounts under the accrual and modified accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not yet been met because such amounts have not yet been earned. For the County, unearned revenue includes human services overpayments that will be adjusted into the subsequent year's allocations.

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

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the County, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2013, but which were levied to 2014 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the County unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

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

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

E. Budgetary Process

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

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

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

F. Cash and Cash Equivalents

Cash balances of the County's funds, except cash held by a trustee, fiscal agent, or held in segregated accounts, are pooled and invested in short-term investments in order to provide improved cash management. During 2013, investments were limited to non-participating certificates of deposit, negotiable certificates of deposit, and STAROhio.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Non-participating investment contracts are reported at cost or amortized cost. STAROhio is an investment pool managed by the State Treasurer's office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does not operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940.

Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 2013. Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the County are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

The County has segregated accounts for monies held separate from the County's central bank accounts. These bank accounts are presented on the financial statements as "Cash and Cash Equivalents in Segregated Accounts" since they are not required to be deposited into the County Treasury. The County has amounts presented on the financial statements as "Cash and Cash Equivalents with Fiscal Agents" which represents money held by a jointly governed organization (see Note 5).

Interest revenue is distributed to the funds according to the Monroe County Prosecutor's interpretation of Ohio constitutional and statutory requirements. Interest revenue credited to the General Fund during 2013 amounted to $136,493 which includes $108,201 assigned from other County funds.

G. Restricted Assets

Restricted cash and cash equivalents in the General Fund and the Delinquent Real Estate Tax and Collection Special Revenue Fund represent the amount of unclaimed monies not available for appropriation.

H. Receivables and Payables

Receivables and payables are recorded on the County's financial statements to the extent that the amounts are determined material and substantiated not only by supporting documentation, but also, by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectibility. Using these criteria, the County has elected to not record child support arrearages. These amounts, while potentially significant, are not considered measurable, and because collections are often significantly in arrears, the County is unable to determine a reasonable value.

I. Inventory of Supplies

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used.

On fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. 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 fund types when purchased. Inventories of the enterprise funds are expenses when used.

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2013, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

K. Interfund Balances

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

L. Capital Assets

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

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 $10,000 for buildings, improvements, equipment and vehicles and $15,000 for infrastructure. 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. Interest costs incurred during the construction of capital assets utilized by the enterprise funds are also capitalized.

All reported capital assets are depreciated except for land, land improvements, and construction in progress. Improvements are depreciated or amortized 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
Infrastructure	25-75 Years	25-75 Years
Buildings and Improvements	10-50 Years	10-50 Years
Vehicles and Equipment	4-20 Years	4-20 Years

Infrastructure consisting of roads and bridges are capitalized and includes infrastructure acquired prior to the implementation of Governmental Accounting Standards Board Statement No. 34.

M. Compensated Absences

Vacation 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 the County will compensate the employees for the benefits through paid time off or some other means. The County records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. 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 the County has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee wage rates at year-end taking into consideration any limits specified in the County's termination policy. The County records a liability for sick leave for employees with twenty or more years of service at any age or 10 years of service at age 50.

The entire compensated absences liability is reported on the government-wide financial statements. On governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. 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 non-current portion of the liability is not reported. For enterprise funds, the entire amount of compensated absences is reported as a fund liability.

N. Accrued Liabilities and Long-Term Obligations

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

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

O. Capital Contributions

Contributions of capital arise from contributions of capital assets from governmental activities to business-type activities, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction.

P. <u>Fund Balance Reserves</u>

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, prepaids, as well as inventory, unless the use of the proceeds from the collection of those receivables, or from the use of the inventory, is restricted, committed, or assigned.

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

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the County Commissioners. Those committed amounts cannot be used for any other purpose unless the Commissioners removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the County Commissioners. In the General Fund, assigned amounts represent intended uses established by the County Commissioners or a County official delegated that authority by resolution or by State Statute. State statute authorizes the County Auditor to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The County Commissioners assigned fund balance is to cover a gap between estimated revenue and appropriations in 2014's appropriated budget.

Unassigned Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

Q. Internal Activity

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

Internal allocations of overhead expenses from one program to another or within the same program are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating 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.

R. Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets.

Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes primarily includes net position restricted for unclaimed monies, senior services, youth services, delinquent real estate collection, and victims advocate programs.

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

S. 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 operating a nursing home and rehabilitation center. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. Revenues and expenses not meeting these definitions are reported as non-operating.

T. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the County and that are either unusual in nature or infrequent in occurrence.

U. Estimates

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

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCES

For 2013, the County has implemented Governmental Accounting Standard Board (GASB) Statement No. 61, "The Financial Reporting Entity: Omnibus". GASB Statement No. 61 modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity, and financial reporting entity display and disclosure requirements. These changes were incorporated in the County's financial statements; however, there was no effect on beginning net position/fund balance.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

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

The Statements of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual for the General Fund and each major special revenue fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are as follows:

A. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

B. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

C. Outstanding year-end encumbrances are treated as expenditures (budget basis) rather than as restricted, committed, or assigned fund balance.

D. Unrecorded cash and prepaid items are reported on the balance sheet (GAAP basis), but not on the budgetary basis.

E. Cash that is held by the agency funds on behalf of County funds on a budget basis are allocated and reported on the balance sheet (GAAP basis) in the appropriate County fund.

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

Net Change in Fund Balances
General and Major Special Revenue Funds

	General	Public Assistance	Maintenance	Developmental Disabilities
GAAP Basis	$748,663	($6,233)	($42,761)	($11,475)
Net Adjustment for Revenue Accruals	376,176	(24,103)	(30,933)	(113,002)
Beginning of the Year:				
Unrecorded Cash	104,717	0	550	11,792
Agency Fund Cash Allocation	21,456	0	0	18,391
Prepaid Items	60,328	6,495	4,182	2,320
End of the Year:				
Unrecorded Cash	(140,202)	(2,469)	(482)	0
Agency Fund Cash Allocation	(22,579)	0	0	(19,353)
Prepaid Items	(41,790)	(8,008)	(8,776)	(11,074)
Net Adjustment for Expenditure Accruals	(76,027)	28,841	(13,670)	53,371
Advances In	2,787	30,000	0	0
Advances Out	(194,377)	0	0	0
Encumbrances	(103,032)	(35,334)	0	(6,340)
Budget Basis	$736,120	($10,811)	($91,890)	($75,370)

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

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

1. United States Treasury Bills, Notes, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States, or any book entry, zero-coupon United States treasury security that is a direct obligation of the United States;

2. Bonds, notes, debentures, or any other obligations or securities entered into by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio or it political subdivisions, provided that such political subdivisions are located wholly or partly within the County;

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

6. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) above, and repurchase agreements secured by such obligations, provided that these investments 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 simultaneously exchange similar securities or cash, equal value for equal value;

9. Up to twenty-five percent of the County's average portfolio in either of the following:

   a. Commercial paper notes in entities incorporated under the laws of Ohio or any other State that have assets exceeding five hundred million dollars rated at the time of purchase, which are rated in the highest qualification established by two nationally recognized standard rating services, which do not exceed ten percent of the value of the outstanding commercial paper of the issuing corporation and which mature within 270 days after purchase;

   b. Bankers acceptances eligible for purchase by the federal reserve system and which mature within 180 days after purchase;

10. Fifteen percent of the County's average portfolio in notes issued by U.S. corporations or by depository institutions that are doing business under authority granted by the U.S. provided that the notes are rated in the second highest or higher category by at least two nationally recognized standard rating services at the time of purchase and the notes mature within two years from the date of purchase;

11. No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service consisting exclusively of obligations guaranteed by the United States, securities issued by a federal government agency or instrumentality, and/or highly rated commercial paper;

12. One percent of the County's average portfolio in debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government.

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

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

At December 31, 2013, the County's Developmental Disabilities Special Revenue Fund had a cash balance of $300,850 with MEORC, a jointly governed organization (see Note 17). The money is held by MEORC in a pooled account which is representative of numerous entities and therefore cannot be classified by risk under GASB Statement 40. Any risk associated with the cash and cash equivalents and investments for MEORC as a whole may be obtained from their audit report. To obtain financial information, write to the Mid East Ohio Regional Council, Cathy Henthorn, who serves as Director of Financial Operations, 1 Avalon Road, Mt. Vernon, Ohio 43050.

Cash on Hand

At year-end, the County had $352,897 in undeposited cash on hand which is included on the financial statements of the County as part of "Equity in Pooled Cash and Cash Equivalents" and "Cash and Cash Equivalents in Segregated Accounts".

Deposits

Custodial Credit Risk Custodial Credit Risk for deposits is the risk that in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year-end, $2,162,017 of the County's bank balance of $4,039,535 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the County to a successful claim by the FDIC.

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

Investments

As of December 31, 2013, the County had the following investments which are in the internal investment pool:

	Fair Value	Maturity	Percent of Total Investments	Rating	Rating Agency
Negotiable Certificates of Deposit	$5,244,603	1/21/2014-9/28/2018	100%	N/A	N/A
STAROhio	$32,491	53.4 days	N/A	AAAm	S&P

Interest Rate Risk The County's investment policy does not address interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the County, and that an investment must be purchased with the expectation that it will be held to maturity. The intent of the policy is to avoid the need to sell securities prior to maturity.

Credit Risk STAROhio carries a rating of AAAm by Standard and Poor's. Ohio law requires that STAR- Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market mutual fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. The County has no investment policy that would limit its investment choices other than what has been approved by State statute.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The negotiable certificates of deposit are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty's trust department or agency but not in the County's name. The County has no investment policy dealing with investment custodial credit risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk The County places no limit on the amount it may invest in any one issuer. The percentage of total investments in listed in the table above.

NOTE 6 - PROPERTY TAXES

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

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

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

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

The full tax rate for all County operations for the year ended December 31, 2013**,** was $8.10 per $1,000 of assessed value. The assessed values of real and tangible personal property upon which 2013 property tax receipts were based are as follows:

Real Property	$208,889,030
Public Utility Personal Property	94,390,660
Total Assessed Value	$303,279,690

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

NOTE 7 - PERMISSIVE SALES AND USE TAXES

In 1967, in accordance with Section 5739.02 of the Revised Code, counties were authorized to levy an excise tax of 0.5% to 1-1/2%. The tax must be levied pursuant to a resolution of the County Commissioners and a copy of the resolution of the County Commissioners sent to the Tax Commissioner not later than 60 days prior to the effective date of the tax. The Tax Commissioner shall within forty-five days after the end of each month certify to the Director of Budget and Management the amount of the proceeds of such tax or taxes paid to the Treasurer of State during that month to be returned to the County. The Director then provides for payment to the County Treasurer on or before the twentieth day of the month in which the certification is made. The County Commissioners, adopted resolutions amounting to 1.5% for permissive sales tax as allowed by Sections 5739.02 and 5741.02, Revised Code.

The State Tax Commissioner certifies to the State Auditor 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. The Office of Budget and Management then has five days in which to draw the warrant payable to the County. Proceeds of the tax are credited entirely to the General Fund.

NOTE 8 - RECEIVABLES

Receivables at December 31, 2013, consisted of taxes, interest, interfund, accounts (billings for user charged services), loans, and intergovernmental receivables arising from grants, entitlements and shared revenues. Management believes all receivables, with the exception of loans, are fully collectible within one year. A summary of the principal items of intergovernmental receivables follows:

Governmental Activities	Amount
Property Tax Allocations	$111,050
Local Government, Local Government Reveneue Assistance, and Library and Local Governmental Support Subsidies	117,124
Motor Vehicle License Tax	499,419
Motor Vehicle Gas Tax	1,141,542
Casino Revenue	88,302
Indigent Defense	6,690
Community Development Block Grants	107,700
Youth Services Grants	28,408
Law Enforcement Grants	36,206
Public Assistance Grants and Subsidies	100,498
Monroe County Public Transportation Grants	64,605
Community Corrections Grants	37,248
Emergency Management Grants	5,048
Developmental Disabilities State and Federal Grants	23,459
VWAP Grants	26,211
Miscellaneous Intergovernmental Receivables	202,945
Total Governmental Activities	$2,596,455

Delinquent accounts receivable may be certified and collected as a special assessment, subject to foreclosure for non-payment. Management believes all other receivables are fully collectible within one year, except for property taxes and loans.

Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. Delinquent property taxes deemed collectible by the County Auditor and recorded as a receivable in the amount of $89,065 may not be collected within one year.

The Community Development Block Grant Special Revenue Fund reflects loans receivable of $65,328. This amount is for the principal owed to the County for Federal Community Development Block Grant Program monies loaned to businesses for improvements. The loans bear interest at annual rates of three to four percent. These loans are to be repaid over the next five years.

NOTE 9 - CAPITAL ASSETS

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

	Balance December 31, 2012	Additions	Reductions	Balance December 31, 2013
Governmental Activities				
Non-Depreciable Capital Assets:				
Land	$56,927	$20,875	$0	$77,802
Depreciable Capital Assets:				
Infrastructure	20,148,457	2,005,792	(1,052,797)	21,101,452
Buildings and Improvements	3,414,316	183,307	0	3,597,623
Vehicles and Equipment	6,613,105	701,771	(773,427)	6,541,449
Total Depreciable Capital Assets	30,175,878	2,890,870	(1,826,224)	31,240,524
Accumulated Depreciation:				
Infrastructure	(6,584,309)	(602,871)	1,052,797	(6,134,383)
Buildings and Improvements	(1,751,303)	(82,281)	0	(1,833,584)
Vehicles and Equipment	(3,706,595)	(412,916)	763,107	(3,356,404)
Total Accumulated Depreciation	(12,042,207)	(1,098,068) *	1,815,904	(11,324,371)
Total Depreciable Capital Assets, Net	18,133,671	1,792,802	(10,320)	19,916,153
Governmental Capital Assets, Net	$18,190,598	$1,813,677	($10,320)	$19,993,955

*Depreciation expense was charged to governmental activities as follows:

Legislative and Executive	$17,836
Judicial	6,937
Public Safety	180,254
Public Works	749,343
Health	83,714
Human Services	59,199
Economic Development	785
Total Depreciation Expense	$1,098,068

	Balance December 31, 2012	Additions	Reductions	Balance December 31, 2013
Business - Type Activities				
Depreciable Capital Assets:				
Buildings and Improvements	3,349,070	0	0	3,349,070
Vehicles and Equipment	24,942	0	0	24,942
Total Depreciable Capital Assets	3,374,012	0	0	3,374,012
Accumulated Depreciation:				
Buildings and Improvements	(1,177,597)	(83,727)	0	(1,261,324)
Vehicles and Equipment	(24,942)	0	0	(24,942)
Total Accumulated Depreciation	(1,202,539)	(83,727)	0	(1,286,266)
Total Depreciable Capital Assets, Net	2,171,473	(83,727)	0	2,087,746
Business - Type Activities Capital Assets, Net	$2,171,473	($83,727)	$0	$2,087,746

NOTE 10 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; employee injuries; and natural disasters. The County contracts with County Risk Sharing Authority, Inc. (CORSA) to address liability, auto, and crime insurance coverage. CORSA, a non-profit corporation sponsored by the County Commissioners Association of Ohio, was created to provide affordable liability, property, casualty, and crime insurance coverage for its members and was established May 12, 1987. Coverage is as follows:

General Liability	$1,000,000 each occurrence
Law Enforcement Liability	$1,000,000 each occurrence
Automobile Liability	$1,000,000 each occurrence
Errors and Omissions Liability	$1,000,000 each occurrence $1,000,000 annual aggregate
Excess Liability	$3,000,000 each occurrence $3,000,000 annual aggregate
Medical and Professional Liability	$4,000,000 $2,000,000 sublimit for County Home
Property Damage Liability	$44,914,771
Equipment Breakdown	$100,000,000
Crime	$1,000,000
Uninsured/Underinsured Motorists	$250,000
Attorney Disciplinary Proceedings	$25,000 each occurrence $25,000 annual aggregate
EDP Media/Extra Expense	$575,000
Dog Warden Blanket	$2,000

The deductible on the above coverage for each occurrence is $2,500.

Settlements have not exceeded coverage in any of the last three years. There has not been a significant reduction in coverage from the prior year.

For 2013 the County participated in the County Commissioners Association of Ohio Workers' Compensation Group Retrospective Rating Program (Plan), an insurance purchasing pool (see Note 19). The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate.

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

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

The County pays all elected official bonds by state statute.

NOTE 11 - DEFINED BENEFIT PENSION PLANS

A. Ohio Public Employees Retirement System

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

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

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

The County's 2013 contribution rate was 14 percent, except for those plan members in law enforcement or public safety, for whom the County's contribution was 18.1 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. For 2013, the portion of employer contribution allocated to health care was 1 percent for members in the Traditional Plan and the Combined Plan. Effective January 1, 2014, the portion of employer contributions allocated to health care increased to 2 percent. Employer contributions rates are actuarially determined.

The County's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2013, 2012, and 2011 were $1,045,749, $701,323, and $706,933, respectively. For 2013, 89 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2012 and 2011. Contributions to the Member-Directed Plan for 2013 were $761 made by the County and $543 made by the plan members.

B. State Teachers Retirement System

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

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

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

Funding Policy - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The statutory maximum employee contribution rate will be increased one percent each year beginning July 1, 2013, until it reaches 14 percent on July 1, 2016. For the fiscal year ended December 31, 2013, plan members were required to contribute 10 percent of their annual covered salary. The County was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2012, the portion used to fund pension obligations was also 13 percent.

The County's required contributions for pension obligations to STRS Ohio for the DB Plan were $77,860 for the year ended December 31, 2013, $67,745 for the year ended December 31, 2012, and $63,514 for the year ended December 31, 2011. The full amount has been contributed for years 2013, 2012, and 2011.

There were no contributions made to the STRS Ohio for the DC and Combined Plans for 2013 by either the County or the plan members.

NOTE 12 - POST EMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

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

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

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

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

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

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2013, state and local government employers contributed at a rate of 14 percent of covered payroll, and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code.

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

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

The County's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2013, 2012, and 2011 were $78,206, $270,758 and $273,530, respectively. For 2013, 89 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2012 and 2011.

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

B. State Teachers Retirement System

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

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2013, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The County's contributions for health care for the years ended December 31, 2013, 2012, and 2011 were $5,989, $5,211, and $4,886, respectively; 100 percent has been contributed for 2013 and 100 percent has been contributed for 2012 and 2011.

NOTE 13 - OTHER EMPLOYEE BENEFITS

County employees earn vacation and sick leave at varying rates depending on length of service and department policy. The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Employees earn two to five weeks of vacation per year, depending on length of service. Vacation accumulation is limited to three years. All accumulated, unused vacation time is paid to eligible employees upon termination of employment.

Employees earn sick leave at the rate of 1.25 days per month of service. Sick leave accumulation is limited to 120 days. Upon retirement or death, an employee can be paid twenty-five percent of accumulated, unused sick leave.

NOTE 14-CAPITAL LEASES-LESSEE DISCLOSURE

Vehicles and road equipment acquired by lease have been capitalized in government-wide statements governmental activities in the amount of $412,278, which is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the government-wide statements as part of governmental activities. Each lease meets the criteria of a capital lease which is defined as transferring benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures in the basic financial statements for the governmental funds.

These governmental activities capitalized leased assets are reflected net of accumulated depreciation in the amount of $336,860 at December 31, 2013. There were principal payments towards these leases of $99,601. These leases are being repaid by the Developmental Disabilities and Maintenance Special Revenue Funds.

Future minimum lease payments through 2016 for governmental activities are as follows:

Year Ending December 31,	Principal	Interest	Total
2014	$103,159	$5,850	$109,009
2015	41,144	2,077	43,221
2016	17,649	523	18,172
Total	$161,952	$8,450	$170,402

NOTE 15 - LONG-TERM OBLIGATIONS

Changes in the County's long-term obligations during 2013 consist of the following:

	Outstanding 12/31//2012	Additions	Deletions	Outstanding 12/31//2013	Amounts Due Within One Year
Governmental Activities:					
General Obligation Bonds:					
1998 4.75% Senior Center - $488,000	$180,027	$0	$14,700	$165,327	$15,400
Municipal Lease Loan	0	300,000	23,355	276,645	57,270
Capital Lease	193,333	68,220	99,601	161,952	103,159
Compensated Absences	374,445	247,497	85,145	536,797	173,761
Total Governmental Activities	747,805	615,717	222,801	1,140,721	349,590
Business-Type Activities:					
General Obligation Bonds:					
1995 Care Center Improvement Bonds - $425,000 - 5.95%	110,000	0	35,000	75,000	35,000
2002 Care Center Improvement Term Bonds - 795,000 - 5.15%	325,000	0	30,000	295,000	30,000
Bond Discount	(8,731)	0	(884)	(7,847)	0
2009 County Care Center Serial Bonds - 710,000 - Variable Interest Rate	520,000	0	70,000	450,000	70,000
Bond Premium	67,099	0	3,947	63,152	0
2009 County Care Center Term Bonds - $1,040,000 - Variable Interest Rate	1,040,000	0	0	1,040,000	0
Compensated Absences	115,567	20,033	58,229	77,371	72,172
Total Business-Type Activities	2,168,935	20,033	196,292	1,992,676	207,172

Governmental Activities

General Obligation Bonds

During 1998, the County issued $488,000 in general obligation bonds that are direct obligations of the County for which its full faith and credit are pledged for repayment and will be repaid from the Debt Service Fund. These bonds were issued for the construction of a senior citizens facility. The final maturity date of the Senior Center Bonds is December 1, 2022.

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending December 31,	Principal	Interest	Total
2014	$15,400	$7,853	$23,253
2015	16,100	7,122	23,222
2016	16,900	6,357	23,257
2017	17,600	5,554	23,154
2018	18,500	4,718	23,218
2019-2022	80,827	9,671	90,498
Total	$165,327	$41,275	$206,602

Municipal Lease Loan
During 2013, a revenue anticipation loan was issued for the purchase of 2 ambulances and will be repaid from the E-Squad Special Revenue Fund. The year of final maturity of the loan is 2018. It is backed by the full faith and credit of the County.

Year Ending December 31,	Principal	Interest	Total
2014	$57,270	$7,261	$64,531
2015	58,953	5,579	64,532
2016	60,672	3,859	64,531
2017	62,467	2,065	64,532
2018	37,283	360	37,643
Total	$276,645	$19,124	$295,769

Capital Lease
The County has entered into capital leases for vehicles and road equipment. These leases will be repaid through the Developmental Disabilities and Maintenance Special Revenue Funds.

Compensated Absences
The County will pay compensated absences from the General Fund and the Public Assistance, Maintenance, Real Estate Assessment, Dog and Kennel, Victims Advocate, Child Support Enforcement Agency, Monroe County Public Transportation, Emergency Management, Federal IV-E, 911, and Developmental Disabilities Special Revenue Funds.

Business-Type Activities

General Obligation Bonds
The 1995 and 2002 Care Center Improvement General Obligation Bonds were issued to provide funding for various repairs and improvements to the Care Center. These bonds will be paid from revenues derived from the operation of the Care Center. The 2002 bonds were sold at a discount that will be amortized over the life of the bonds using the straight-line method. The amount amortized during 2013 was $884 leaving an unamortized balance at December 31, 2013 of $7,847.

On November 12, 2009, the County issued $1,750,000 in various interest rate general obligation bonds. The proceeds of these bonds were used to renovate the existing County Care Center. The bonds were sold at a premium of $78,947 that will be amortized over the life of the bonds using the straight-line method. The amount amortized for 2013 was $3,947 leaving an unamortized balance at December 31, 2013 of $63,152. These bonds are backed by the full faith and credit of the County and will be repaid from the Care Center Enterprise Fund revenues.

General Obligation Bond debt service requirements to maturity are as follows:

Year Ending December 31,	Principal	Interest	Total
2014	$135,000	$92,591	$227,591
2015	140,000	87,000	227,000
2016	105,000	82,240	187,240
2017	105,000	78,332	183,332
2018	115,000	74,237	189,237
2019-2023	570,000	290,099	860,099
2024-2028	560,000	142,950	702,950
2029	130,000	7,800	137,800
Total	$1,860,000	$855,249	$2,715,249

The term bonds maturing on December 1, 2024 are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

Year	Principal Amount to be Redeemed
2020	$80,000
2021	$85,000
2022	$90,000
2023	$95,000
Total	$350,000

The remaining principal amount of such term bonds ($100,000) will be paid at maturity on December 1, 2024.

The term bonds maturing on December 1, 2029 are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

Year	Principal Amount to be Redeemed
2025	$105,000
2026	$110,000
2027	$120,000
2028	$125,000
Total	$460,000

The remaining principal amount of such term bonds ($130,000) will be paid at maturity on December 1, 2024.

Compensated Absences

The County will pay compensated absences from the Care Center Enterprise Fund.

The County's overall legal debt margin at December 31, 2013 was $5,478,068.

NOTE 16 - INTERNAL BALANCES

Interfund balances at December 31, 2013 consist of the following individual fund receivables and payables:

	Interfund Receivable				
	Major Funds				
Interfund Payable	General	Public Assistance	Other Nonmajor Governmental	Care Center	Total
Major Funds					
General Fund	$0	$0	$712	$48	$760
Public Assistance	30,000	0	0	0	30,000
Maintenance	30,603	0	0	0	30,603
Other Nonmajor Governmental	27,110	43,612	8,000	0	78,722
Care Center	224,499	0	0	0	224,499
Total All Funds	$312,212	$43,612	$8,712	$48	$364,584

The above interfund receivables/payables are due to time lags between the dates interfund goods and services are provided, transactions recorded in the accounting system, and payments between funds were made. Also, interfund balances are the result of short-term loans. All amounts are expected to be repaid within one year, with the exception of the loan made from the General Fund to the Care Center Fund. Management is in the process of developing a repayment plan.

Interfund transfers during 2013 consisted of the following:

	Transfer To		
	Major Fund	Other Nonmajor	
Transfer from	Maintenance	Governmental	Totals
Major Funds:			
General Fund	$150,000	$163,143	$313,143
Maintenance	0	281,656	281,656
Other Nonmajor Governmental	179,933	788	180,721
Total All Funds	329,933	445,587	775,520

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

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS

A. Buckeye Hills-Hocking Valley Regional Development District (District) - The District serves as the Area Agency on Aging for Monroe, Athens, Hocking, Meigs, Morgan, Noble, Perry, and Washington Counties. The District was created to foster a cooperative effort in regional planning, programming, and implementing plans and programs. The District is governed by a fifteen-member Board of Directors. The Board is comprised of one County Commissioner from each county, one member from the City of Athens, one member from the City of Marietta, four at-large members appointed from the ten government members, and one member from the minority sector. The Board exercises total control over the operations of the District including budgeting, appropriating, contracting, and designating management. Each participant's degree of control is limited to its representation on the Board.

The District administers County Community Development Block Grant and Issue II monies. During 2013, the County contributed $2,314 to the District. The District has no outstanding debt.

B. Joint Solid Waste District (District) - The County is a member of the District, which is a jointly governed organization. The District provides for management strategies and local government funding on behalf of the participating counties regarding contractual arrangements with private solid waste disposal facilities, which would assure continued access to adequate disposal capacity for the District. The District was created in 1989 as required by the Ohio Revised Code.

The District is governed and operated through three groups. An eighteen member board of directors, comprised of three commissioners from each county, is responsible for the District's financial matters. Financial records were maintained by Muskingum County until May 1993 at which time Noble County assumed the responsibility. The Board exercises total control over the operations of the District including budgeting, appropriating, contracting, and designating management. Each participant's degree of control is limited to its representation on the Board. A forty-three member policy committee, comprised of seven members from each county and one at-large member appointed by the policy committee, is responsible for preparing the solid waste management plan of the District in conjunction with a Technical Advisory Council whose members are appointed by the policy committee. The District's sole revenue source is a waste disposal fee for in-district and out-of-district waste. No contributions were received from the County during 2013.

C. Guernsey-Monroe-Noble Community Action Corporation (GMN) - The GMN is a non-profit organization formed to plan, conduct, and coordinate programs designed to combat social and economic problems to help eliminate conditions of poverty within Guernsey, Monroe, and Noble counties. The GMN is governed by a fifteen-member Board of Directors which consists of three Commissioners from each county, three business owners from each county, and three low income individuals elected by each county. The three business owners are nominated by other local business owners and the three low income individuals are nominated by local town council meetings. The Board exercises total control over the operations of the District including budgeting, appropriating, contracting, and designating management. Each participant's degree of control is limited to its representation on the Board.

GMN received federal and state funding which is applied for and received by, and in the name of, the Board of Directors.

During 2013, the County contracted with GMN to provide senior citizens services. Through this contract, the County is acting as fiscal agent for the collection and settlement of the senior citizens levy. The County is also annually paying all of the cost of the general obligation bonds used to build the senior citizen center.

D. Belmont, Harrison, and Monroe Counties Cluster (Cluster) - Belmont, Harrison, and Monroe Counties Cluster provide services to multi-need youth in Belmont, Harrison, and Monroe Counties. Members of the Cluster include the Belmont, Harrison, and Monroe Counties Alcohol, Drug Addiction, and Mental Health Services Board, the Children Services Board, the Belmont, Harrison, Monroe Drug and Alcohol Councils, student services, Belmont-Harrison Juvenile District, the superintendent of public instruction, and the directors of youth services, human services, and mental retardation and developmental disabilities. The Cluster is controlled by an advisory committee which consists of a representative from each agency. The advisory committee exercise total control of the operation of the Cluster including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the Advisory Committee. In 2013, the County contributed no money to the Cluster.

E. Mental Health Recovery Board (Board) - The Board is responsible for delivery of comprehensive mental heath and substance abuse services in Belmont, Harrison, and Monroe Counties. The Board provides no direct services but contracts for their delivery. The Board's function is to assess needs, and to plan, monitor, fund, and evaluate the services. The Board is managed by eighteen members, six appointed by Commissioners of Belmont County, two each by Commissioners of Harrison and Monroe Counties and are proportionate to population, four by Ohio Department of Drug and Alcohol, and four by the State Department of Mental Health. The Board exercises total control of the budgeting, appropriation, contracting, and designating management. Each participant's degree of control is limited to its representation on the Board. The County's 2013 contribution to the Board was $6,000.

F. South Eastern Narcotics Team (SENT) - SENT is a multi-jurisdictional drug task force with the primary goal of combating major narcotic traffickers in Monroe, Belmont, Carroll, Guernsey, Harrison, and Tuscarawas Counties. It is jointly governed among the participating counties and cities. A grant is received from the State of Ohio, which the participating entities must match at 25 percent. SENT is comprised of 32 members. The participating counties and cities exercise total control over the operations of the SENT including budgeting, appropriating, contracting, and designating management. Each county's degree of control is limited to its representation on the Board. The County did not make any contributions to SENT in 2013.

G. Monroe County Family and Children First Council - The Monroe County Family and Children First Council is a jointly governed organization created under the Ohio Revised Code Section 121.37. The Council is comprised of the following members: Superintendent of Monroe Board of MR/DD, a designee from the Monroe County Health Department, Director of Monroe County Department of Job and Family Services, Superintendent of Switzerland of Ohio Local School District, Monroe County Commissioner, Mayor of the Village of Woodsfield, a representative from Ohio Department of Youth Services, a designee from the Mental Health and Recovery Board, Executive Director of GMN Tri-County CAC, a representative from GMN Tri-County, and three parent representatives. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting, and designating management. Each participant's degree of control is limited to its representation on the Board.
In 2013, the County made no contributions to the Council.

H. Buckeye Hills Resource Conservation and Development Council (RC&D) - RC&D is a 501 (c) (3) non-profit entity, serving a nine county region in southeastern Ohio including Athens, Belmont, Hocking, Meigs, Monroe, Morgan, Noble, Perry, and Washington Counties. The Council was created to identify and solve problems in rural communities including human, economic, natural resources and environmental issues. The RC&D is sponsored by the Boards of County Commissioners and the Soil and Water Conservation Districts in the nine counties, along with the Muskingum Watershed Conservancy District and the Rush Creek Conservancy District. The governing body of RC&D is the Executive Council, made up of 29 members that include three representatives from each county and one representative from each conservancy district. The Executive Council exercises total control over the operations of RC&D including budgeting, appropriating, contracting, and designating management. Each participant's degree of control is limited to its representation on the Executive Council. The County did not contribute financially to the RC&D in 2013.

I. Mid East Ohio Regional Council of Governments (MEORC) - MEORC is a jointly governed organization which serves seventeen counties in Ohio. MEORC provides services to the developmentally disabled residents in the participating counties. MEORC is governed by a Council made up of the superintendents of each county's Board of Developmental Disabilities. Revenues are generated by fees and state grants. The Board exercises total control over the operations of the MEORC including budgeting, contracting, appropriating, and designating management. Each participant's degree of control is limited to its representation on the Board. The County did not contribute financially to MEORC during 2013.

J. Ohio Valley Employment Resource - The Ohio Valley Employment Resource is a jointly governed organization whereby the three county commissioners from Monroe, Noble, Morgan, and Washington Counties serve on the governing board. The Ohio Valley Employment Resource was formed for the purpose of creating and providing employment and training programs in response to local need, a part of which is implementation of the Workforce Investment Act, P.L. 105-220. The continued existence of the Ohio Valley Employment Resource is not dependent on the County's continued participation and no equity interest exists. The Ohio Valley Employment Resource has no outstanding debt.

K. Oakview Juvenile Residential Center - The Oakview Juvenile Residential Center is a jointly governed organization among Monroe, Belmont, Harrison, Guernsey, Jefferson, and Noble Counties. The Center was formed to operate a regional juvenile rehabilitation facility for the use of member counties, and to house and treat adjudicated non-violent felony offenders. The facility is operated and managed by Oakview Juvenile Residential Center. The participating entities created a Judicial Rehabilitation Board the members of which are made-up of the juvenile judges of each participating county. The Board exercises total control of the budgeting, appropriating, contracting, and designating management. Each County's degree of control is limited to its representation on the Board.

NOTE 18 - RELATED ORGANIZATIONS

A. Monroe County District Public Library (Library) – The Library is statutorily created as a distinct political subdivision of the State of Ohio governed by a Board of Trustees consisting of seven members. The Monroe County Commissioners appoint four members, and the judges of the Monroe County Court of Common Pleas appoint three members. The County made no contributions to the Library during the year. The Board of Trustees possesses its own contracting and budgeting authority, hires personnel, and does not depend on the County for operational subsidies. Although the County does serve as taxing authority of the Library, this is strictly a ministerial function. The County cannot influence the Library's operation nor does the Library represent a potential financial benefit for, or a burden on, the County. Once the Board of Trustees has determined that a levy is necessary, its amount, and its duration, the County must place the levy before the voters. The Library may issue debt or the County may provide facilities for the Library through the issuance of debt if the voters agree. The Library currently has no outstanding debt.

B. Monroe County Community Improvement Corporation (CIC) – The CIC is a non-profit organization that was created under Ohio Revised Code Section 1724.04. Two-fifths of the governing board shall be mayors, county commissioners, or appointed or elected public officials. The remaining three-fifths of the sixteen member Board of Directors is comprised of volunteers. The CIC administers the County's Revolving Loan Fund (RLF), established with Community Development Block Grant Funds. The RLF is used to make loans to small businesses for the purchase of buildings, machinery, and equipment as well as working capital. The County cannot influence the CIC's operation nor does the CIC represent a potential financial benefit for, or burden on, the County.

C. Monroe County Emergency Medical Service (EMS) – The EMS is a non-profit organization created under Ohio Revised Code Section 1702. The governing officers consist of a president, vice-president, secretary, and twelve trustees – two from each squad. The EMS furnishes emergency services to Monroe County and to such other political subdivisions that sign and have contracts with the Monroe County Commissioners. The EMS is to conduct an educational course or courses in emergency victim care and rescue to all members and coordinates with existing organizations for planning further education between various emergency rescue services. The County cannot influence the EMS's operation nor does the EMS represent a potential financial benefit for, or burden on, the County.

NOTE 19 - PUBLIC ENTITY POOLS

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

The County Risk Sharing Authority, Inc. (CORSA) is a public entity shared risk pool among sixty-five counties in Ohio. CORSA was formed as an Ohio non-profit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage 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 or a financial responsibility for CORSA. The County's payment for insurance to CORSA in 2013 was $159,702.

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

The County Commissioners Association of Ohio (CCAO) Workers Compensation Group Retrospective Rating Program (Program) is a shared risk pool among thirty counties in Ohio. Section 4123.29, Ohio Revised Code, permits the establishment of employer group retrospective rating plans for workers' compensation rating purposes. The Program is governed by the CCAO Group Executive Committee that consists of eleven members as follows: the president and the secretary/treasurer of County Commissioners' Association of Ohio Service Corporation, nine representatives elected from the participating counties.

CCAO, a Bureau of Workers' Compensation (BWC)-certified sponsor, established the Program based upon guidelines set forth by BWC. CCAO created a group of Counties that will practice effective workplace safety and claims management to achieve lower premiums for workers compensation coverage than they would individually. The participating counties continue to pay their own premiums and have the opportunity to receive retrospective premium adjustments based upon the combined performance of the group. Depending upon that performance, the participating counties can receive either a premium refund or assessment. CCAO, with approval of the Group Executive Committee, retains the services of a third party administrator (TPA) that will assist CCAO staff in the day-to-day management of the plan, prepare and file necessary reports with the Ohio Bureau of Workers' Compensation and member counties, assist with loss control programs, and other duties, (excluding claims related matters, which will be the responsibility of each individual participating county). The cost of the TPA will be paid by each participating county to CCAO in proportion to its payroll to the total payroll of the group.

The County's premium payments to BWC were $128,126 and the payment to CCAO for administrative and membership fees was $12,268. A premium refund in the amount of $70,075, approximately 55 percent of total premiums was received during 2013.

NOTE 20 - RELATED PARTY TRANSACTIONS

Monroe Adult Crafts Organization (MACO), an immaterial component unit of Monroe County, received contributions from the County for facilities, certain equipment, transportation, and salaries for administration, implementation, and supervision of its programs. These contributions are reflected as in-kind contributions and expenses at cost or fair market value, as applicable, in MACO's basic financial statements.

NOTE 21 - FOOD STAMPS

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

NOTE 22 - FUND BALANCES

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

Fund Balances	General	Public Assistance	Maintenance	Developmental Disabilities	Other Governmental Funds	Total
Nonspendable:						
Inventory	$23,277	$2,152	$186,101	$3,250	$2,225	$217,005
Prepaids	41,790	8,008	8,776	11,074	4,533	74,181
Long-Term Receivables	0	0	0	0	65,328	65,328
Unclaimed Monies	18,415	0	0	0	36,047	54,462
Total Nonspendable	83,482	10,160	194,877	14,324	108,133	410,976
Restricted to:						
Court Corrections	0	0	0	0	218,853	218,853
Roads and Bridges	0	0	1,321,837	0	14,411	1,336,248
Human Services	0	183,337	0	0	429,379	612,716
Community Development	0	0	0	0	110,150	110,150
Public Safety	0	0	0	0	260,164	260,164
Developmental Disabilities	0	0	0	1,884,328	0	1,884,328
Health	0	0	0	0	93,719	93,719
Other Purposes	0	0	0	0	719,914	719,914
Total Restricted	0	183,337	1,321,837	1,884,328	1,846,590	5,236,092
Assigned to:						
Unpaid Obligations	91,630	0	0	0	0	91,630
Subsequent Years' Appropriations	4,122	0	0	0	0	4,122
Total Assigend	95,752	0	0	0	0	95,752
Unassigned (Deficit)	2,763,360	0	0	0		2,763,360
Total Fund Balances	$2,942,594	$193,497	$1,516,714	$1,898,652	$1,954,723	$8,506,180

NOTE 23 - CONTINGENT LIABILITIES

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

Claims and lawsuits are pending against the County. Based upon information provided by the County's legal counsel, any potential liability and effect on the financial statements, if any, is not determinable at this time.

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MONROE COUNTY

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

FEDERAL GRANTOR *Pass Through Grantor* Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
U.S. DEPARTMENT OF AGRICULTURE			
Passed through Ohio Department of Jobs and Family Services			
Supplemental Nutrition Assistance Program:			
State Administrative Matching Grants	N/A	10.561	$139,201
Total Supplemental Nutrition Assistance Program			139,201
Passed Through Ohio Department of Education			
Non-Cash Assistance (Food Distribution):			
National School Lunch Program	2013/2014	10.555	118
Cash Assistance:			
National School Lunch Program	2013/2014	10.555	1,199
Total National School Lunch Program			1,317
Total U.S. Department of Agriculture			140,518
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed Through Ohio Department of Development			
Community Development Block Grants-State's Program:			
Community Housing Improvement Program	B-C-11-1BZ-1	14.228	3,178
Community Development Program	B-F-12-1BZ-1		35,128
Revolving Loan Program	N/A		21,009
Total Community Development Block Grant-State's Program			59,315
Home Investment Partnerships Program:			
Community Housing Improvement Program	B-C-11-1BZ-2	14.239	101,290
Total U.S. Department of Housing and Urban Development			160,605
U.S. DEPARTMENT OF JUSTICE			
Passed Through Ohio Department of Public Safety - Office of Criminal Justice Services			
Edward Byrne Memorial Justice Assistance Grant Program:			
Monroe County AVL Program	2012-JG-A02-6724	16.738	4,260
Total U.S. Department of Justice			4,260
U.S. DEPARTMENT OF LABOR			
Passed Through Ohio Valley Employment Resource (Workforce Investment Act Area 15)			
Employment Service/Wagner-Peyser Funded Activities	N/A	17.207	3,192
Workforce Investment Act (WIA) Cluster:			
WIA Adult Program:			
Adult	N/A	17.258	33,910
WIA Youth Activities:			
Youth	N/A	17.259	37,249
WIA Dislocated Workers:			
Waiting List Reduction	N/A	17.278	3,600
WIA Dislocated Workers Formula Grants	N/A	17.278	53,739
Total WIA Cluster			128,498
WIA National Emergency Grants	N/A	17.277	432,126
Total U.S. Department of Labor			563,816

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

FEDERAL GRANTOR *Pass Through Grantor* Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
U.S. DEPARTMENT OF TRANSPORTATION			
Passed Through Ohio Department of Transportation			
Highway Planning and Construction	PID-93084	20.205	$100,000
Formula Grants for Rural Areas	RPT 4056-030-131	20.509	128,307
	RPT 0056-033-132		37,908
	RPT 0056-032-122		4,179
Total Formula Grants for Rural Areas			170,394
State and Community Highway Safety	HVEO-2014-56-00-00-00386-00	20.600	4,710
Total U.S. Department of Transportation			275,104
U.S. DEPARTMENT OF EDUCATION			
Passed Through Ohio Department of Education			
Special Education_Grants to States	066142-6BSF-2013	84.027	12,188
	066142-6BSF-2014		4,992
Total Special Education_Grants to States			17,180
Passed Through Ohio Department of Health			
Special Education - Grants for Infants and Families	05610021HG0413	84.181	15,370
Total U.S. Department of Education			32,550
U.S. ELECTION ASSISTANCE COMMISSION			
Passed Through Ohio Secretary of State			
Voting Access for Individuals with Disabilities_Grants to States	06-SOS-HHS-56	93.617	11,183
Total U.S. Election Assistance Commission			11,183
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through Ohio Department of Mental Health			
Promoting Safe and Stable Families	5AU-13-100-22-057	93.556	17,206
	99-405-14-100-22-081		5,660
Total Promoting Safe and Stable Families			22,866

MONROE COUNTY

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

FEDERAL GRANTOR *Pass Through Grantor* Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)			
Passed Through Ohio Department of Developmental Disabilities			
Social Services Block Grant	N/A	93.667	$9,276
Passed through Ohio Department of Jobs and Family Services			
Promoting Safe and Stable Families	G-1415-11-5401	93.556	5,429
Temporary Assistance for Needy Families (TANF)	G-1415-11-5401	93.558	601,122
Child Support Enforcement	G-1415-11-5401	93.563	106,758
Child Care and Development:			
Child Care and Development Block Grant	G-1415-11-5401	93.575	10,780
Community-Based Child Abuse Prevention:			
Community-Based Child Abuse Prevention Grants	G-1415-11-5401	93.590	1,967
Stephanie Tubbs Jones Child Welfare Services Program	G-1415-11-5401	93.645	50,242
Foster Care_Title IV-E:			
Foster Care Title IV-E Administration	G-1415-11-5401	93.658	4,026
Foster Care Title IV-E	G-1213-06-0172		35,148
Foster Care Title IV-E	G-1415-06-0218		12,247
Total Foster Care Title IV-E			51,421
Adoption Assistance:			
Adoption Assistance Administration	G-1415-11-5401	93.659	32,800
Social Services Block Grant	G-1415-11-5401	93.667	130,096
Medical Assistance Program	G-1415-11-5401	93.778	193,100
Total U.S. Department of Health and Human Services			1,215,857
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed Through Ohio Department of Public Safety - Emergency Management Agency			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	FEMA-4077-DR-111-059CA	97.036	30,448
Passed Through Ohio Emergency Management Agency			
Emergency Management Performance Grants:			
FY12 Emergency Management Performance Grants	EMW-2012-EP-00004-S01	97.042	14,138
FY13 Emergency Management Performance Grants	EMW-2013-EP-00060-S01		11,417
Total Emergency Management Performance Grants			25,555
Homeland Security Grant Program:			
FY10 State Homeland Security Program	2010-SS-T0-0012	97.067	19,900
FY11 State Homeland Security Program	EMW-2011-SS-00070		11,164
Total Homeland Security Grant Program			31,064
Total U.S. Department of Homeland Security			87,067
Total Federal Awards Expenditures			**$2,490,960**

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

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - SUBRECIPIENTS

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

As a subrecipient, the government 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 – FOOD DONATION PROGRAM

The County reports commodities consumed on the Schedule at the fair value. The County allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

NOTE E - 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. 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 mortgages on the property and/or by equipment located at various businesses.

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

Beginning loans receivable balance as of January 1, 2013	$71,368
Loans made	14,331
Loan principal repaid	(20,371)
Ending loans receivable balance as of December 31, 2013	$65,328

Cash balance on hand in the revolving loan fund as of December 31, 2013	$95,508
Administrative costs expended during 2013	6,678

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

The table above reports gross loans receivable. Of the loans receivable as of December 31, 2013, the County estimates $6,156 to be uncollectible.

NOTE F - 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.

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

Monroe County
101 North Main Street
Woodsfield, Ohio 43793

To the Board of County Commissioners:

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

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a significant deficiency in internal control. We consider finding 2013-001 to be a significant deficiency.

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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*.

Entity's Response to Findings

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

Purpose of this Report

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

Dave Yost
Auditor of State

Columbus, Ohio

August 25, 2014

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

Monroe County
101 North Main Street
Woodsfield, Ohio 43793

To the Board of County Commissioners:

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Basis for Qualified Opinion on Workforce Investment Act (WIA) Cluster and WIA National Emergency Grants

As described in Finding 2013-002 in the accompanying Schedule of Findings, the County did not comply with requirements regarding cash management applicable to its WIA Cluster and WIA National Emergency Grants major federal programs. Compliance with this requirement is necessary, in our opinion, for the County to comply with requirements applicable to these programs.

Qualified Opinion on Workforce Investment Act (WIA) Cluster and WIA National Emergency Grants

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Workforce Investment Act (WIA) Cluster and WIA National Emergency Grants* paragraph, the County complied, in all material respects, with the requirements referred to above that could directly and materially affect its WIA Cluster and WIA National Emergency Grants major federal programs for the year ended December 31, 2013.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the County complied in all material respects with the requirements referred to above that could directly and materially affect each of its other major federal programs identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings for the year ended December 31, 2013.

The County's response to our noncompliance finding is described in the accompanying Schedule of Findings. We did not audit the County's response and, accordingly, we express no opinion on it.

Report on Internal Control over Compliance

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

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

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

We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings as item 2013-002 to be a material weakness.

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

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

Dave Yost

Dave Yost
Auditor of State

Columbus, Ohio

August 25, 2014

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MONROE COUNTY

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

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material control weaknesses reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	Yes
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material internal control weaknesses reported for major federal programs?**	Yes
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified for all major programs, except for the WIA Cluster and WIA National Emergency Grants, which we qualified.
(d)(1)(vi)	**Are there any reportable findings under § .510(a)?**	Yes
(d)(1)(vii)	**Major Programs (list):** Workforce Investment Act (WIA) Cluster – CFDA #17.258; 17.259; and 17.278 WIA National Emergency Grants – CFDA #17.277 Temporary Assistance for Needy Families (TANF) – CFDA #93.558 Medical Assistance Program – CFDA #93.778	
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 300,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee?**	No

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

FINDING NUMBER 2013-001

Significant Deficiency

All local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements and prepare financial statements.

The management of each local public office is responsible for the assertions underlying the information in the public office's financial statements. The accounting system should assure that the following assertion is achieved for all transaction types and account balances applicable to the local public office's operations, considering the basis of accounting applicable to it:

> **Presentation and disclosure:** That financial statement elements are properly classified and described and appropriate disclosures are made as required by generally accepted accounting principles, or as prescribed by the auditor of state for entities that do not follow generally accepted accounting principles.

During 2013, the County entered into a five year municipal lease loan through a local bank in the amount of $300,000 to finance the purchase of 2 ambulances.

During the conversion of the financial statements in accordance with generally accepted accounting principles (GAAP), the loan was classified on the fund financial statements as short-term and should have been classified as a long-term loan on the government-wide financial statements.

The adjustment, with which management agrees, was posted to the accounting records and is reflected in the accompanying financial statements.

We recommend the County establish procedures to help ensure transactions are appropriately classified on the GAAP financial statements.

Officials' Response: In the future, both Local Government Services and Audit will be consulted at the onset of the issuance of debt instruments to insure everyone is in agreement as to the accounting treatment.

3. FINDING FOR FEDERAL AWARDS

Finding Number	2013-002
CFDA Title and Number	Workforce Investment Act (WIA) Cluster – CFDA #17.258; #17.259; and #17.278 and WIA National Emergency Grants – CFDA #17.277
Federal Award Number / Year	2013
Federal Agency	U.S. Department of Labor
Pass-Through Agency	Workforce Investment Act Area 15

Noncompliance and Material Weakness - Cash Management

29 C.F.R. § 97.20(b)(7) provides that procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used. Grantees must establish reasonable procedures to ensure the receipt of reports on subgrantees' cash balances and cash disbursements in sufficient time to enable them to prepare complete and accurate cash transactions reports to the awarding agency. When advances are made by letter-of-credit or electronic transfer of funds methods, the grantee must make drawdowns as close as possible to the time of making disbursements. Grantees must monitor cash drawdowns by their subgrantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees.

31 C.F.R. § 205.33(a) provides that a State must minimize the time between the drawdown of Federal funds from the Federal government and their disbursement for Federal program purposes. A Federal Program Agency must limit a funds transfer to a State to the minimum amounts needed by the State and must time the disbursement to be in accord with the actual, immediate cash requirements of the State in carrying out a Federal assistance program or project. The timing and amount of funds transfers must be as close as is administratively feasible to a State's actual cash outlay for direct program costs and the proportionate share of any allowable indirect costs. States should exercise sound cash management in funds transfers to subgrantees in accordance with OMB Circular A-102.

The Ohio Department of Job and Family Services (ODJFS) currently has a 10 day disbursement cycle. Excessive cash balances were maintained in the Workforce Investment Act (WIA) and the WIA National Emergency Grant funds. During 2013, 81% of the drawdowns were not expended within the required 10 days.

Noncompliance with this requirement could cause the County to return any interest earned to ODJFS on these excess monies.

We recommend the Monroe County Department of Job and Family Services modify its cash management procedures for WIA funds to ensure the cash requests are for immediate needs.

3. FINDING FOR FEDERAL AWARDS (Continued)

Finding Number 2013-002 (Continued)

Noncompliance and Material Weakness - Cash Management (Continued)

Officials' Response: See the Corrective Action Plan on page 84 for response.

MONROE COUNTY

SCHEDULE OF PRIOR AUDIT FINDING
OMB CIRCULAR A -133 § .315 (b)
DECEMBER 31, 2013

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; ***Explain***
2012-01	Noncompliance and Material Weakness – Excessive cash balances maintained in the Workforce Investment Act (WIA) and the WIA National Emergency Grant funds as drawdowns were not expended within the required 10 days.	No	Not Corrected; Repeated as Finding No. 2013-002.

MONROE COUNTY

CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315(c)
DECEMBER 31, 2013

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2013-002	Monroe County Job and Family Services (JFS) Director, WIA Area 15 Fiscal Agent, Monroe County Auditor's office and the WIA Fiscal Specialist have had many discussions regarding cash being available for WIA NEG payroll. The Monroe County Auditor's office requires that the Monroe County WIA receipt fund have sufficient funds available on the payroll due date, which is the Monday before the Friday pay-date. The County Payroll will not be processed if sufficient funds are not there on Monday. The County Departments are not permitted to run on a negative cash balance. Therefore, the Fiscal Specialist had to have the funds paid-in nine days before the pay-date and always had to request the maximum amount that payroll could be if all workers worked 80 hours. At times the funds would be received and paid-in at the end of the month for payroll at the beginning of the next month and cause excess cash in the month received. After much discussion Monroe County JFS Director, Jeanette Harter, requested a cash advance from the Monroe County Board of Commissioners to alleviate the cash-on-hand excess. Monroe WIA was granted the cash advance November 2013.	December 31, 2014	Michelle Speelman, WIA Fiscal Specialist or Jeanette Harter, Monroe County JFS Director

Dave Yost • Auditor of State

MONROE COUNTY FINANCIAL CONDITION

MONROE 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
SEPTEMBER 9, 2014