



Dave Yost • Auditor of State

JACKSON COUNTY
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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Jackson County
226 East Main Street
Jackson, Ohio 45640

To the Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of Jackson 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 the modified cash accounting basis Note 2 describes. This responsibility includes determining that the modified cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of Jackson County, Ohio, as of December 31, 2013, and the respective changes in modified cash financial position and the respective budgetary comparison for the General, Motor Vehicle Gasoline Tax, Job and Family Services, and Developmental Disabilities Funds thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

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

Other Matters

Supplemental and Other Information

We audited to opine on the County's financial statements that collectively comprise its basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to September 9, 2014.

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

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2014, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State
Columbus, Ohio

September 9, 2014, except for our report on the Federal Awards Expenditures Schedule for which the date is September 15, 2016

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

The discussion and analysis of Jackson County's (the County) financial performance provides an overall review of the County's financial activities for the year ended December 31, 2013. The intent of this discussion and analysis is to look at the County's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the County's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2013 are as follows:

- Net cash position of governmental activities decreased \$341,409.
- At the end of the current year, the County's governmental funds reported a combined ending fund balance of \$7,977,562, a decrease of \$341,409 from the prior year.

USING THIS ANNUAL FINANCIAL REPORT

This discussion and analysis is intended to serve as an introduction to the County's Modified Cash Financial Statements. The County's financial statements are composed of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-Wide Financial Statements

The Government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The *Statement of Net Position – Modified Cash Basis* presents information on all of the County's cash assets, presented as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the cash position of Jackson County is improving or deteriorating.

The *Statement of Activities – Modified Cash Basis* presents information showing how the County's net position during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs.

Both of the government-wide financial statements identify functions of the County that are principally supported by taxes and intergovernmental receipts (governmental activities). The governmental activities of the County include legislative and executive, judicial, public safety, public works, health, human services, and economic development.

In the statement of net position and the statement of activities, the County is divided into two types of activities:

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

Component Units – The County's financial statements include financial data of the Jackson County Airport Authority. This component unit is described in the notes to the financial statements. Component units are separate and may buy, sell, lease, and mortgage property in their own name and can sue or be sued in their own name.

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

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 objects. 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 two categories: governmental 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 our residents. The County's major governmental funds are the General Fund, the Motor Vehicle and Gasoline Tax, Job and Family Services, and the 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.

The County maintains a multitude of individual governmental funds. Information is presented separately in the governmental fund *Statement of Modified Cash Receipts, Cash Disbursements and Changes in Cash Basis Fund Balances* for the major funds, which were identified earlier. Data from other governmental funds are combined into a single, aggregated presentation.

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.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position – modified cash basis may serve over time as a useful indicator of a government's financial position. Jackson County has chosen to report on an *Other Comprehensive Basis of Accounting* in a format similar to that required by Governmental Accounting Standard No. 34. This statement requires a comparative analysis of government-wide data in the Management Discussion and Analysis (MD&A) section.

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

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

(Table 1)
Jackson County's Net Position - Modified Cash Basis

	Governmental Activities	
	2013	2012
Assets		
Equity in Pooled Cash and Cash Equivalents	\$2,668,787	\$2,831,786
Cash and Cash Equivalents in Segregated Accounts	24,058	21,950
Restricted Assets: Cash and Cash Equivalents	339,100	303,552
Investments	4,945,617	5,161,683
<i>Total Assets</i>	<u>\$7,977,562</u>	<u>\$8,318,971</u>
Net Position		
Restricted for:		
Unclaimed Monies	\$339,100	\$303,552
Road and Bridges	203,351	933,814
Human Services	590,767	520,035
Developmental Disabilities	1,293,084	1,229,284
Economic Development	542,191	377,641
Debt Service	5,130	5,035
Other Purposes	2,536,141	2,352,828
Unrestricted	<u>2,467,798</u>	<u>2,596,782</u>
<i>Total Net Position</i>	<u>\$7,977,562</u>	<u>\$8,318,971</u>

A portion of the County's net position, \$5,509,764, or 69 percent, represents resources that are subject to restrictions on how they can be used. The remaining balance of net position, \$2,467,798, or 31 percent, is unrestricted and is to be used to meet the County's ongoing obligations to citizens and creditors.

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

Table 2 reflects the change in net position for the year ended December 31, 2013.

(Table 2)
 Changes in Net Position

	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
Revenues		
Program Revenues		
Charges for Services	\$6,142,876	\$5,975,062
Operating Grants, Contributions and Interest	16,409,242	14,790,713
Capital Grants and Contributions	141,399	738,152
<i>Total Program Revenues</i>	<u>22,693,517</u>	<u>21,503,927</u>
General Revenues		
Property Taxes	3,147,646	3,197,339
Sales Taxes	3,260,695	3,212,367
Grants and Entitlements	924,873	707,280
Interest	47,604	22,794
Note Proceeds	0	306,000
Insurance Proceeds	29,211	103,932
Other	442,544	262,753
<i>Total General Revenues</i>	<u>7,852,573</u>	<u>7,812,465</u>
Total Revenues	<u>30,546,090</u>	<u>29,316,392</u>
Program Expenses		
General Government:		
Legislative and Executive	2,307,557	2,242,814
Judicial	2,701,110	2,639,912
Public Safety	5,858,164	5,540,249
Public Works	5,101,402	3,985,295
Health	3,422,169	2,900,508
Human Services	10,096,497	9,287,241
Economic Development	824,448	480,717
Capital Outlay	265,053	1,308,907
Debt Service:		
Principal Retirement	245,496	311,927
Interest and Fiscal Charges	65,603	64,453
<i>Total Program Expenses</i>	<u>30,887,499</u>	<u>28,762,023</u>
<i>Increase (Decrease) in Net Position</i>	(341,409)	554,369
Net Position at Beginning of Year	<u>8,318,971</u>	<u>7,764,602</u>
Net Position at End of Year	<u>\$7,977,562</u>	<u>\$8,318,971</u>

Governmental Activities

Program revenues accounted for 74.3 percent of total revenues for governmental activities in 2013, therefore, governmental activities services are primarily funded through these program revenues, with operating and capital grants accounting for \$16,409,242 or 53.7 percent of total revenues. The major recipients of the intergovernmental receipts were the Motor Vehicle and Gasoline Tax, Job and Family Services, and Developmental Disabilities Special Revenue Funds.

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

General revenues, primarily property and sales taxes, accounted for the remaining 25.7 percent of total revenues. This highlights the County's continued dependence upon its citizens and taxpayers to fund those programs most important to them.

The County's direct charges to users of governmental services were \$6,142,876 or 20.1 percent of total governmental revenues. These charges represent fees associated with the collection of property taxes, fines and forfeitures related to judicial activity, licenses and permits, and public assistance fees.

Human service programs accounted for \$10,096,497 or 32.7 percent of total expenses for governmental activities. During 2013, expenses for Job and Family Services and Children's Services amounted to \$8,248,005 and \$749,642, respectively. These activities are entirely paid from program revenues. These grants and entitlements allow the County to continue to offer a wide variety of quality services to its citizens without increasing the tax burden on our citizens.

Public safety programs are a major activity of the County, accounting for \$5,858,164 or 19 percent of all governmental expenses. These activities are funded primarily through property and sales taxes. The County attempts to supplement the income and activities of the Sheriff's Department to enable the Department to widen the scope of its activity.

Public works programs accounted for \$5,101,402 or 16.5 percent of all governmental activities. These activities are paid predominately with program revenues, with \$1,299,294 or 25.5 percent of the public works expenses being supported with the County's general revenues.

General government, health, economic development, capital outlay, and principal and interest expenditures account for the remaining 31.8 percent of governmental expenses.

The Statement of Activities shows the cost of program services and the charges for services, grants, contributions, and interest earnings offsetting those services. Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of those services supported by tax revenue and unrestricted state entitlements.

Table 3
 Governmental Activities

	Total Cost of Services 2013	Net Cost of Services 2013	Total Cost of Services 2012	Net Cost of Services 2012
Program Expenses				
General Government:				
Legislative and Executive	\$2,307,557	\$1,036,948	\$2,242,814	\$904,102
Judicial	2,701,110	855,166	2,639,912	787,203
Public Safety	5,858,164	3,499,525	5,540,249	3,085,564
Public Works	5,101,402	1,299,294	3,985,295	151,791
Health	3,422,169	1,020,887	2,900,508	1,046,672
Human Services	10,096,497	236,160	9,287,241	392,318
Economic Development	824,448	(164,551)	480,717	(30,289)
Capital Outlay	265,053	99,454	1,308,907	544,355
Debt Service:				
Principal Retirement	245,496	245,496	311,927	311,927
Interest and Fiscal Charges	65,603	65,603	64,453	64,453
Total	\$30,887,499	\$8,193,982	\$28,762,023	\$7,258,096

Charges for services, operating grants, and capital grants in the amount of \$22,693,517, or 73.5 percent of the total costs of services, are received and used to fund the governmental operations of the County. The remaining \$8,193,982 in governmental expenses are funded by property taxes, permissive sales taxes, unrestricted intergovernmental revenues, interest, insurance proceeds, and other revenues.

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

For example, the \$1,020,887 in net cost of services for Health demonstrates the costs of services that are not supported by state and federal resources. As such, the taxpayers of the County have approved property tax levies for Developmental Disabilities, Emergency Medical Services, and Tuberculosis, in order to fund these programs.

FINANCIAL ANALYSIS OF THE COUNTY'S 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. In particular, unreserved 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 \$7,977,562, a decrease of \$341,409 in comparison with the prior year. Approximately \$7,638,462, or 95.7 percent of this total, constitutes spendable fund balance. The remaining \$339,100 of fund balance is reserved to indicate that it is not available for new spending because it has already been committed for unclaimed monies.

The General Fund is the primary operating fund of the County. At the end of 2013, unassigned fund balance was \$1,365,311, while total fund balance was \$1,713,194. 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 23 percent of total General Fund expenditures, while total fund balance represents 28.8 percent of that same amount.

The fund balance of the County's General Fund decreased \$84,878 during 2013.

The fund balance of the Motor Vehicle and Gasoline Tax Special Revenue Fund decreased \$730,463. The Motor Vehicle and Gasoline Tax Fund's fund balance of \$203,351 represented 4.3 percent of current year expenditures.

The fund balance of the Job and Family Services Special Revenue Fund increased \$218,587. The Job and Family Services Special Revenue Fund's fund balance of \$439,255 represented 5.3 percent of current year expenditures.

The fund balance of the Developmental Disabilities Special Revenue Fund increased \$63,800. The Developmental Disabilities Special Revenue Fund's fund balance of \$1,293,084 represented 42.8 percent of current year expenditures.

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. The Board of County Commissioners adopts a permanent operating budget for the County on or about January 1.

During the course of 2013, the County amended its General Fund budget several times. All recommendations for a budget change came from either the County Auditor or departmental managers to the Finance Committee of the County Commissioners for review before going to the whole Commission for Ordinance enactment on the change. The allocation of appropriations among the departments and objects within a fund may be during the year with approval from the County Commissioners. With the General Fund supporting many of our major activities such as our sheriff department, as well as most legislative and executive activities, the General Fund is monitored closely looking for possible revenue shortfalls or overspending by individual departments.

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

For the General Fund, increases of \$667,238 were made to the original budgeted revenues due to the County making conservative estimates in the preparation of the original estimated revenues. Final budgeted expenditures increased \$181,294 above the original amount. Jackson County's ending unencumbered cash balance in the General Fund matched the final budgeted amount.

DEBT ADMINISTRATION

By year end, the County had a various purpose bond, a loan payable for a court computer system, a note payable for two vehicles for the Engineer's Office, and lease/purchase agreements totaling \$1,821,661.

(Table 4)
 Outstanding Debt at December 31, 2013

	Governmental Activities	
	2013	2012
Various Purpose General		
Obligation Bonds	1,465,000	1,640,000
Capital Lease/Purchase Agreements	79,455	0
Municipal Court Loan	11,314	18,510
Engineer Department Note	265,892	306,000
Totals	\$1,821,661	\$1,964,510

The County's overall legal debt margin was \$8,621,490 at December 31, 2013. For additional information on the County's debt, see Note 13 to the modified cash basis financial statements

CURRENT ISSUES

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

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.

CONTACTING THE COUNTY AUDITOR'S DEPARTMENT

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Clyde Holdren, Jackson County Auditor, 226 East Main Street, Jackson, Ohio 45640.

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Jackson County, Ohio
*Statement of Net Position - Modified Cash Basis, Primary Government and
Jackson County Airport Authority*
December 31, 2013

	<u>Primary Government</u>	<u>Component Unit</u>
	Governmental Activities	Jackson County Airport Authority
Assets		
Equity in Pooled Cash and Cash Equivalents	\$2,668,787	\$174,324
Cash and Cash Equivalents in Segregated Accounts	24,058	0
Restricted Assets:		
Cash and Cash Equivalents	339,100	0
Investments	4,945,617	0
<i>Total Assets</i>	<u>7,977,562</u>	<u>174,324</u>
Net Position		
Restricted for:		
Unclaimed Monies	\$339,100	\$0
Road and Bridges	203,351	0
Human Services	590,767	0
Developmental Disabilities	1,293,084	0
Economic Development	542,191	0
Debt Service	5,130	0
Capital Projects	0	149,370
Other Purposes	2,536,141	0
Unrestricted	2,467,798	24,954
<i>Total Net Position</i>	<u>\$7,977,562</u>	<u>\$174,324</u>

See accompanying notes to the basic financial statements

Jackson County, Ohio
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2013

	Program Revenues				Component Unit	
	Expenses	Charges for Services	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Total	Jackson County Airport Authority
Governmental Activities						
General Government:						
Legislative and Executive	\$2,307,557	\$1,236,396	\$34,213	\$0	(\$1,036,948)	\$0
Judicial	2,701,110	1,687,496	158,448	0	(855,166)	0
Public Safety	5,858,164	1,595,546	763,093	0	(3,499,525)	0
Public Works	5,101,402	157,967	3,644,141	0	(1,299,294)	0
Health	3,422,169	303,330	2,097,952	0	(1,020,887)	0
Human Services	10,096,497	1,062,413	8,797,924	0	(236,160)	0
Economic Development	824,448	75,528	913,471	0	164,551	0
Capital Outlay	265,053	24,200	0	141,399	(99,454)	0
Debt Service:						
Principal Retirement	245,496	0	0	0	(245,496)	0
Interest and Fiscal Charges	65,603	0	0	0	(65,603)	0
Total Governmental Activities	30,887,499	6,142,876	16,409,242	141,399	(8,193,982)	0
Component Unit						
Jackson County Airport Authority	\$174,450	\$93,494	\$0	\$195,480	0	114,524
General Revenues						
Property Taxes Levied for:						
General Purposes					1,293,880	0
Developmental Disabilities					769,195	0
Emergency Medical Services					994,268	0
Health					90,303	0
Sales Taxes Levied for:						
General Purposes					1,630,316	0
Public Safety					1,630,379	0
Grants and Entitlements not Restricted to Specific Programs					924,873	0
Interest					47,604	0
Insurance Recoveries					29,211	0
Other					442,544	4,406
Total General Revenues					7,852,573	4,406
Change in Net Position					(341,409)	118,930
Net Position at Beginning of Year					8,318,971	55,394
Net Position at End of Year					\$7,977,562	\$174,324

See accompanying notes to the basic financial statements

Jackson County, Ohio
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2013

	General	Motor Vehicle Gasoline Tax	Job and Family Services	Developmental Disabilities	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$347,885	\$189,245	\$154,854	\$455,861	\$1,520,942	\$2,668,787
Restricted Cash and Cash Equivalents	339,100	0	0	0	0	339,100
Cash and Cash Equivalents in Segregated Accounts	18,878	100	0	0	5,080	24,058
Interfund Receivable	333,742	0	0	0	0	333,742
Investments	673,589	347,748	284,401	837,223	2,802,656	4,945,617
<i>Total Assets</i>	<u>\$1,713,194</u>	<u>\$537,093</u>	<u>\$439,255</u>	<u>\$1,293,084</u>	<u>\$4,328,678</u>	<u>\$8,311,304</u>
Liabilities						
Interfund Payable	\$0	\$333,742	\$0	\$0	\$0	\$333,742
Fund Balances						
Nonspendable	339,100	0	0	0	0	339,100
Restricted	0	203,351	439,255	1,293,084	3,234,974	5,170,664
Committed	88	0	0	0	266,263	266,351
Assigned	8,695	0	0	0	827,441	836,136
Unassigned	1,365,311	0	0	0	0	1,365,311
<i>Total Fund Balances</i>	<u>1,713,194</u>	<u>203,351</u>	<u>439,255</u>	<u>1,293,084</u>	<u>4,328,678</u>	<u>7,977,562</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$1,713,194</u>	<u>\$537,093</u>	<u>\$439,255</u>	<u>\$1,293,084</u>	<u>\$4,328,678</u>	<u>\$8,311,304</u>

See accompanying notes to the basic financial statements

Jackson County, Ohio
*Statement of Modified Cash Receipts, Cash Disbursements and
 Changes in Cash Basis Fund Balances*
 Governmental Funds
 For the Year Ended December 31, 2013

	General	Motor Vehicle Gasoline Tax	Job and Family Services	Developmental Disabilities	Other Governmental Funds	Total Governmental Funds
Revenues						
Property Taxes	\$1,293,880	\$0	\$0	\$769,195	\$1,084,571	\$3,147,646
Sales Taxes	1,630,316	0	0	0	1,630,379	3,260,695
Intergovernmental	1,025,880	3,644,141	7,636,250	2,070,211	3,081,193	17,457,675
Charges for Services	1,407,973	104,729	830,186	198,158	2,046,014	4,587,060
Fines, Licenses, and Permits	406,479	53,238	0	0	905,865	1,365,582
Rent	61,102	0	0	0	24,950	86,052
Loan Revenue	0	0	0	0	75,528	75,528
Donations	0	0	0	15,466	4,813	20,279
Investment Income	47,604	0	0	302	25,912	73,818
Other	149,453	227,878	156	28,829	36,228	442,544
<i>Total Revenues</i>	<u>6,022,687</u>	<u>4,029,986</u>	<u>8,466,592</u>	<u>3,082,161</u>	<u>8,915,453</u>	<u>30,516,879</u>
Expenditures						
Current:						
General Government:						
Legislative and Executive	1,707,574	0	0	0	599,983	2,307,557
Judicial	1,933,207	0	0	0	767,903	2,701,110
Public Safety	1,357,526	0	0	0	4,500,638	5,858,164
Public Works	395,840	4,687,589	0	0	17,973	5,101,402
Health	179,887	0	0	3,018,361	223,921	3,422,169
Human Services	372,674	0	8,248,005	0	1,475,818	10,096,497
Economic Development	0	0	0	0	824,448	824,448
Capital Outlay	0	0	0	0	265,053	265,053
Debt Service:						
Principal Retirement	0	0	0	0	245,496	245,496
Interest and Fiscal Charges	0	0	0	0	65,603	65,603
<i>Total Expenditures</i>	<u>5,946,708</u>	<u>4,687,589</u>	<u>8,248,005</u>	<u>3,018,361</u>	<u>8,986,836</u>	<u>30,887,499</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>75,979</u>	<u>(657,603)</u>	<u>218,587</u>	<u>63,800</u>	<u>(71,383)</u>	<u>(370,620)</u>
Other Financing Sources (Uses)						
Insurance Proceeds	29,211	0	0	0	0	29,211
Transfers In	69,000	0	0	0	490,178	559,178
Transfers Out	(259,068)	(72,860)	0	0	(227,250)	(559,178)
<i>Total Other Financing Sources (Uses)</i>	<u>(160,857)</u>	<u>(72,860)</u>	<u>0</u>	<u>0</u>	<u>262,928</u>	<u>29,211</u>
<i>Net Change in Fund Balances</i>	<u>(84,878)</u>	<u>(730,463)</u>	<u>218,587</u>	<u>63,800</u>	<u>191,545</u>	<u>(341,409)</u>
<i>Fund Balances at Beginning of Year</i>	<u>1,798,072</u>	<u>933,814</u>	<u>220,668</u>	<u>1,229,284</u>	<u>4,137,133</u>	<u>8,318,971</u>
<i>Fund Balances at End of Year</i>	<u>\$1,713,194</u>	<u>\$203,351</u>	<u>\$439,255</u>	<u>\$1,293,084</u>	<u>\$4,328,678</u>	<u>\$7,977,562</u>

See accompanying notes to the basic financial statements

Jackson County, Ohio
*Statement of Cash Receipts, Cash Disbursements and Changes
in Cash Basis Fund Balance - Budget and Actual (Budget Basis)*
General Fund
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$1,447,530	\$1,293,880	\$1,293,880	\$0
Sales Taxes	1,525,000	1,630,316	1,630,316	0
Intergovernmental	896,669	1,025,880	1,025,880	0
Charges for Services	1,047,330	1,410,742	1,410,742	0
Fines, Licenses, and Permits	409,900	406,479	406,479	0
Rent	50,000	61,102	61,102	0
Investment Income	0	47,604	47,604	0
Other	20,000	149,453	149,453	0
<i>Total Revenues</i>	<u>5,396,429</u>	<u>6,025,456</u>	<u>6,025,456</u>	<u>0</u>
Expenditures				
Current:				
General Government:				
Legislative and Executive	1,203,139	1,716,269	1,716,269	0
Judicial	1,877,162	1,933,207	1,933,207	0
Public Safety	1,091,353	1,357,526	1,357,526	0
Public Works	345,927	395,840	395,840	0
Health	604,040	179,887	179,887	0
Human Services	450,384	372,674	372,674	0
<i>Total Expenditures</i>	<u>5,572,005</u>	<u>5,955,403</u>	<u>5,955,403</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(175,576)</u>	<u>70,053</u>	<u>70,053</u>	<u>0</u>
Other Financing Sources (Uses)				
Insurance Proceeds	60,000	29,211	29,211	0
Transfers In	0	69,000	69,000	0
Transfers Out	(461,172)	(259,068)	(259,068)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(401,172)</u>	<u>(160,857)</u>	<u>(160,857)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(576,748)</u>	<u>(90,804)</u>	<u>(90,804)</u>	<u>0</u>
<i>Fund Balance at Beginning of Year</i>	1,773,713	1,773,713	1,773,713	0
<i>Prior Year Encumbrances Appropriated</i>	<u>2,712</u>	<u>2,712</u>	<u>2,712</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$1,199,677</u></u>	<u><u>\$1,685,621</u></u>	<u><u>\$1,685,621</u></u>	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements

Jackson County, Ohio
*Statement of Cash Receipts, Cash Disbursements and Changes
in Cash Basis Fund Balance - Budget and Actual (Budget Basis)*
Motor Vehicle Gasoline Tax Fund
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$3,720,000	\$3,644,141	\$3,644,141	\$0
Charges for Services	40,000	104,729	104,729	0
Fines, Licenses, and Permits	40,000	53,238	53,238	0
Other	15,000	227,878	227,878	0
<i>Total Revenues</i>	3,815,000	4,029,986	4,029,986	0
Expenditures				
Current:				
Public Works	4,232,164	4,687,589	4,687,589	0
<i>Excess of Revenues Over (Under) Expenditures</i>	(417,164)	(657,603)	(657,603)	0
Other Financing Uses				
Proceeds from Interfund Activity Bond	0	333,742	333,742	0
Transfers Out	0	(72,860)	(72,860)	0
<i>Net Change in Fund Balance</i>	(417,164)	(396,721)	(396,721)	0
<i>Fund Balance at Beginning of Year</i>	933,814	933,814	933,814	0
<i>Fund Balance at End of Year</i>	<u>\$516,650</u>	<u>\$537,093</u>	<u>\$537,093</u>	<u>\$0</u>

See accompanying notes to the basic financial statements

Jackson County, Ohio
*Statement of Cash Receipts, Cash Disbursements and Changes
in Cash Basis Fund Balance - Budget and Actual (Budget Basis)
Job and Family Services Fund
For the Year Ended December 31, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$6,119,053	\$7,636,250	\$7,636,250	\$0
Charges for Services	200,000	830,186	830,186	0
Other	500	156	156	0
<i>Total Revenues</i>	6,319,553	8,466,592	8,466,592	0
Expenditures				
Current:				
Human Services	6,127,288	8,248,005	8,248,005	0
<i>Net Change in Fund Balance</i>	192,265	218,587	218,587	0
<i>Fund Balance at Beginning of Year</i>	220,668	220,668	220,668	0
<i>Fund Balance at End of Year</i>	<u>\$412,933</u>	<u>\$439,255</u>	<u>\$439,255</u>	<u>\$0</u>

See accompanying notes to the basic financial statements

Jackson County, Ohio
*Statement of Cash Receipts, Cash Disbursements and Changes
in Cash Basis Fund Balance - Budget and Actual (Budget Basis)
Developmental Disabilities Fund
For the Year Ended December 31, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$726,666	\$769,195	\$769,195	\$0
Intergovernmental	1,937,128	2,070,211	2,070,211	0
Charges for Services	0	198,158	198,158	
Donations	7,500	15,466	15,466	0
Investment Income	0	302	302	0
Other	500	28,829	28,829	0
<i>Total Revenues</i>	2,671,794	3,082,161	3,082,161	0
Expenditures				
Current:				
Human Services	2,665,254	3,018,361	3,018,361	0
<i>Excess of Revenues Over (Under) Expenditures</i>	6,540	63,800	63,800	0
Other Financing Sources (Uses)				
Transfers In	0	924	924	0
Transfers Out	0	(924)	(924)	0
<i>Total Other Financing Sources</i>	0	0	0	0
<i>Net Change in Fund Balance</i>	6,540	63,800	63,800	0
<i>Fund Balance at Beginning of Year</i>	1,229,284	1,229,284	1,229,284	0
<i>Fund Balance at End of Year</i>	\$1,235,824	\$1,293,084	\$1,293,084	\$0

See accompanying notes to the basic financial statements

Jackson County, Ohio
Statement of Fiduciary Net Position - Modified Cash Basis
Agency Fund
December 31, 2013

Assets	
Equity in Pooled Cash and Cash Equivalents	\$760,464
Cash and Cash Equivalents in Segregated Accounts	<u>670,569</u>
<i>Total Assets</i>	<u><u>\$1,431,033</u></u>
Net Position	
Total Net Position	<u><u>\$1,431,033</u></u>

See accompanying notes to the basic financial statements

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

Note 1 – Description of the County and Reporting Entity

Jackson County, Ohio (the “County”), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and the laws of the State of Ohio. The County is governed by a board of three County Commissioners elected by the voters of the County. An elected County Auditor serves as the chief fiscal officer. In addition, there are ten other elected administrative officials. These officials are: County Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, and the Common Pleas/Probate, Juvenile, and Municipal Court Judges.

Although the elected officials manage the internal operations of their respective departments, the County Commissioners authorize cash disbursements as well as serve as the budget and taxing authority, contracting body, and the chief administrators of public services for the County.

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

The primary government of the County consists of all funds, departments, boards, and agencies that are not legally separate from the County. For Jackson County, this includes the Board of Developmental Disabilities, Children Services Board, and all departments and activities that are directly operated by the elected County Officials.

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

Discretely Presented Component Unit

The component unit column on the financial statements identifies the financial data of the Jackson County Airport Authority. The component unit is reported separately to emphasize that it is legally separate from the County. Information about the component unit is presented in Note 21 to the basic financial statements.

Jackson County Airport Authority The Jackson County Airport Authority (the Authority) was created by resolution of the County Commissioners under Ohio Revised Code Section 308.01. The purpose of the Authority is for the acquisition, construction, operation, and maintenance of the airport and its facilities in Jackson County. The Authority operates under the direction of a three-member Board of Trustees, appointed by the County Commissioners. A Secretary-Treasurer is responsible for the fiscal accounting of the resources of the Authority. Services provided by the Authority include the means by which to aid the safe taking off and landing of aircraft, storage and maintenance of aircraft, and the safe and efficient operation of the airport. The Authority is considered to be a component unit of Jackson County and is discretely presented. The nature and significance of the relationship between the County and the Authority is such that exclusion would cause the County’s financial statements to be misleading. The Authority operates on a fiscal year ending on December 31.

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 districts and agencies is presented as agency funds within the County’s financial statements:

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

The Jackson County Combined General Health District The District is governed by the Board of Health which oversees the operation of the District and is elected by a Regional Advisory Council composed of township trustees, mayors of participating municipalities, and one County Commissioner. The District adopts its own budget and operates autonomously from the County. Funding is based on a rate per taxable valuation, along with State and Federal grants applied for by the District.

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

Joint Venture

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) and ongoing financial responsibility. Under the modified cash basis of accounting, the County does not report assets for equity interests in joint ventures.

The County participates in several jointly governed organizations, a joint venture, and public entity risk pools. These organizations are presented in Notes 15, 16, and 17 to the Basic Financial Statements. The organizations are:

- Gallia, Jackson, Meigs, Vinton Solid Waste Management District
- Gallia, Jackson, and Meigs Board of Alcohol, Drug Addiction, and Mental Health Services
- Jackson-Vinton Community Action Agency
- Ohio Valley Regional Development Commission
- Gallia-Jackson Child Abuse and Neglect Advisory Council
- Southern Ohio Council of Governments
- Ohio Valley Resource and Developmental Area, Inc.
- South Central Ohio Regional Juvenile Detention Center
- County Risk Sharing Authority
- County Commissioners Association of Ohio Workers' Compensation Group Rating Plan

The County's management believes these financial statements present all activities for which the County is financially accountable.

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a modified cash basis of accounting. The modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). General accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. Following are the more significant of the County's accounting policies.

A. Basis of Presentation

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

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

Government-wide Financial Statements The statement of net position and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except fiduciary funds.

The statement of net position presents the cash balance of the governmental activities of the County at year end. The statement of activities compares disbursements and program receipts for each program or function of the County's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the County is responsible. Program receipts include charges paid by the recipient of the 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.

Receipts which are not classified as program receipts are presented as general receipts of the County, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program is self-financing or draws from the general receipts 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 fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. 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 of the County are financed. The following are the County's major governmental funds:

General Fund The General Fund accounts for and reports all financial resources not 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.

Motor Vehicle and Gasoline Tax Special Revenue Fund The Motor Vehicle and Gasoline Tax Special Revenue Fund accounts for revenue derived from motor vehicle licenses, gasoline taxes, grants, permissive license sales taxes, and interest. Expenditures in this fund are restricted by State law to County road and bridge repair/improvement programs.

Job and Family Services Special Revenue Fund The Job and Family Services Special Revenue Fund accounts for various State and Federal grants used to provide public assistance to general relief recipients and to pay their providers of medical assistance and certain public social services.

Developmental Disabilities Special Revenue Fund The Developmental Disabilities Special Revenue Fund accounts for various State and Federal grants as well as property tax collections used to provide assistance to Jackson County residents that suffer from developmental disabilities.

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

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

Proprietary Funds The County classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise or internal service; the County has no proprietary funds.

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. There are four categories of fiduciary funds: 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. The County did not have any trust funds in 2013. Agency funds are purely custodial in nature and are used to account for assets held by the County as agent for the Board of Health and other districts and entities and various taxes, assessments, and state shared resources collected on behalf of and distributed to other local governments.

C. Basis of Accounting

The County's financial statements are prepared using the modified cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the County's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the County are described in the appropriate section in this note.

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

D. Budgetary Process

All funds, other than 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 appropriation 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 appropriation resolution is the County Commissioners' authorization to spend resources and set annual limits on cash disbursements plus encumbrances at a level of control selected by the County Commissioners. The legal level of control has been established by the County Commissioners at the fund, department, and object level for all funds.

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

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

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

E. Cash and Cash Equivalents

To improve cash management, cash received by the County is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the County's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Cash and cash equivalents that are held separately within the departments of the County are recorded as "Cash and Cash Equivalents in Segregated Accounts".

Cash and cash equivalents of the Airport Authority are held by the county and are recorded as "Cash and Cash Equivalents".

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

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

During 2013, the County invested in corporate notes, federal agency securities, a money market fund, and STAR Ohio. Investments are reported at cost, except for the money market fund and STAR Ohio. The County's money market fund investment is recorded at the amount reported by Wesbanco at December 31, 2013. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2013.

Investment procedures are restricted by the provisions of the Ohio Revised Code, grant requirements, or debt related restrictions. Interest is credited to the General Fund, and the Developmental Disabilities and Community Development Block Grant Special Revenue Funds. Interest revenue credited to the General Fund during 2013 amounted to \$47,604, which includes \$39,726 assigned from other County funds.

F. Restricted Assets

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

G. Inventory and Prepaid Items

The County reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

Acquisitions of property, plant, and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

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

I. Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are reported as "Interfund Receivables/Payables". The amounts are eliminated on the statement of net position.

J. Internal Activity

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

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

K. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the County's modified cash basis of accounting.

L. Employer Contributions to Cost-Sharing Pension Plans

The County recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 10 and 11, the employer contributions include portions for pension benefits and for postretirement health care benefits.

M. Long-Term Obligations

The County's modified cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither "other financing source" or "capital outlay" are reported at inception. Lease payments are reported when paid.

N. Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Net position restricted for other purposes primarily include activities involving the upkeep of the County's roads and bridges, various mental health services, child support and welfare services, services for the handicapped and developmentally disables, and activities of the County's courts.

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

O. Fund Balance

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

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans, if any.

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

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

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

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

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

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.

Note 3 - Accountability and Compliance

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

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

Note 4 - Fund Balances

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

Fund Balances	General Fund	Motor Vehicle Gas Tax	Job and Family Services	Board of Developmental Disabilities	Other Governmental Funds	Totals
Nonspendable:						
Unclaimed Monies	\$339,100	\$0	\$0	\$0	\$0	\$339,100
Restricted for:						
Road Improvements	0	203,351	0	0	0	203,351
Human Services	0	0	439,255	0	151,512	590,767
Developmental Disabilities	0	0	0	1,293,084	0	1,293,084
Public Safety	0	0	0	0	1,188,979	1,188,979
Real Estate Assessment	0	0	0	0	513,752	513,752
Economic Development	0	0	0	0	542,192	542,192
Health	0	0	0	0	7,878	7,878
Other Purposes	0	0	0	0	825,531	825,531
Debt Service	0	0	0	0	5,130	5,130
<i>Total Restricted</i>	<u>0</u>	<u>203,351</u>	<u>439,255</u>	<u>1,293,084</u>	<u>3,234,974</u>	<u>5,170,664</u>
Committed to:						
Public Safety	0	0	0	0	243,066	243,066
Other Purposes	88	0	0	0	23,197	23,285
<i>Total Committed</i>	88	0	0	0	266,263	266,351
Assigned to:						
Other Purposes	8,695	0	0	0	0	8,695
Capital Improvements	0	0	0	0	827,441	827,441
<i>Total Assigned</i>	<u>8,695</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>827,441</u>	<u>836,136</u>
Unassigned:	<u>1,365,311</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,365,311</u>
<i>Total Fund Balances</i>	<u>\$1,713,194</u>	<u>\$203,351</u>	<u>\$439,255</u>	<u>\$1,293,084</u>	<u>\$4,328,678</u>	<u>\$7,977,562</u>

Note 5 - Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Cash Receipts, Cash Disbursements and Changes in Cash Basis Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund and each major special revenue fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the modified cash basis are outstanding year end encumbrances. These are treated as expenditures (budgetary basis) rather than as an assignment of fund balance (modified cash basis) (outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (modified cash basis)). The encumbrances outstanding at year end (budgetary basis) amounted to:

General Fund \$8,695

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

Note 6 - Deposits and Investments

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations describe in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to 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;

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

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

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

Cash on Hand At year end, the County had \$149,367 in undeposited cash on hand which is included as a part of "Equity in Pooled Cash and Cash Equivalents".

Deposits Custodial credit risk for deposits is the risk that in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$3,769,124 of the County's bank balance of \$5,013,661 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the County to a successful claim by the FDIC.

The County has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the County or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure 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 Investments are reported at fair value. As of December 31, 2013, the County had the following investments:

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

	Fair Value	Percentage of Portfolio	Maturity
Money Market Mutual Funds	\$158,301	3.20%	1 Day
Federal Home Loan Bank Corporation Discount Notes	578,376	11.69%	June 13, 2018
Federal Home Loan Bank Corporation Discount Notes	488,360	9.87%	January 25, 2018
Federal Home Loan Bank Corporation Discount Notes	488,525	9.88%	December 28, 2017
Federal Farm Credit Bank Discount Notes	176,409	3.57%	September 18, 2017
Federal Farm Credit Bank Discount Notes	488,770	9.88%	December 26, 2017
Federal Farm Credit Bank Discount Notes	580,608	11.74%	May 22, 2018
Federal Home Loan Mortgage Discount Notes	486,100	9.83%	December 26, 2017
Federal Home Loan Mortgage Discount Notes	500,425	10.12%	February 24, 2016
Federal National Mortgage Association Discount Notes	489,175	9.89%	November 27, 2017
Federal National Mortgage Association Discount Notes	253,088	5.12%	October 16, 2018
GE Capital Corporate Notes	257,480	5.20%	November 14, 2014
STAR Ohio	444	0.01%	Average 53 Days
Totals	<u>\$4,946,061</u>	<u>100.00%</u>	

Interest Rate Risk The County does not have an investment policy that addresses 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.

Credit Risk STAR Ohio carries a rating of AAA 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. The County has no investment policy that would further limit its investment choices. The Federal Home Loan Bank, Federal Farm Credit Bank, and Federal National Mortgage Securities carry a rating of Aaa by Moody's. The General Electric Corporate notes carry a rating of A1 from Moody's.

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 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 is defined by the Governmental Accounting Standards Board as having five percent or more invested in the securities of a single issuer. The County's investment policy places no limit on the amount it may invest in any one issuer.

Note 7 – Permissive Sales and Use Tax

The County Commissioners, by resolution, imposed a one and one-half percent tax on all retail sales made in the County, except sales of motor vehicles, and on the storage, use, or consumption of all tangible personal property in the County, including motor vehicles, not subject to the sales tax.

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

The sales tax is allocated fifty percent to the County's General Fund and fifty percent to the Sales Tax Trust Agency Fund, from which the proceeds are distributed to the various taxing districts within the County for use on community improvement projects. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies the amount of the tax to be returned to the County to the Office of Budget and Management. 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.

Note 8 – Property Taxes

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

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

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

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

The full tax rate for all County operations for both years ended December 31, 2013 and 2012, was \$10.00 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2013 property tax receipts were based are as follows:

Real Property	\$430,752,190
Public Utility Real	129,510
Public Utility Tangible Personal Property	<u>46,844,360</u>
Total Assessed Value	<u><u>\$477,726,060</u></u>

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

Note 9 - Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2013, the County contracted with the County Risk Sharing Authority, Inc. (CORSA), an insurance purchasing pool (see Note 17), for liability, auto, and crime insurance. CORSA, a non-profit corporation sponsored by the County Commissioners of Ohio, was created to provide affordable liability, property, casualty, and crime insurance coverage for its members and was established May 12, 1987. Coverage provided by the program and applicable deductibles are as follows:

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

Property	Deductible	Limits of Coverage
Real Property	\$2,500	\$30,451,891
General Liability	2,500	1,000,000 Per Occurrence
Law Enforcement	2,500	1,000,000 Per Occurrence
Employee Benefits	2,500	1,000,000 Per Occurrence
Equipment Breakdown	2,500	100,000,000
Medical Expense:	0	5,000/50,000
Errors and Omissions	2,500	1,000,000 Per Occurrence
Electronic Equipment/Media Coverage:		
Electronic Media	2,500	100,000 Per Occurrence
Extra Expense	2,500	25,000 Per Occurrence
Crime Coverage:		
Theft, Disappearance, Destruction	2,500	1,000,000 Per Occurrence
Money Orders and Counterfeit Currency	2,500	1,000,000 Per Occurrence
Public Dishonesty	2,500	1,000,000 Per Occurrence
Forgery and Alteration	2,500	1,000,000 Per Occurrence
Computer & Fund Transfer Fraud	2,500	500,000 Per Occurrence
Public Official Bond Excess	2,500	250,000 Per Occurrence
Automobile	2,500	1,000,000 Per Occurrence
Property in Transit	2,500	100,000 Per Occurrence

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

For 2013, the County participated in the County Commissioners Association of Ohio Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool (see Note 17). The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating Counties is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. In order to allocate the savings derived by formation of the Plan, and to maximize the number of participants in the Plan, the Plan's executive committee annually calculates the total savings which accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the Plan is limited to Counties that can meet the Plan's selection criteria. The firm of Gates McDonald, Inc. provides administrative, cost control and actuarial services to the Plan. Each year, the County pays an enrollment fee to the Plan to cover the costs of administering the program.

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

The County pays all elected officials bonds by State statute.

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

Note 10 - Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

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

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

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

The County's 2013 contribution rate was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the County's contribution was 18.10 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. For 2013, the portion of employer contribution allocated to health care was 1.00 percent for members in the Traditional Plan and the Combined Plan. Effective January 1, 2014, the portion of employer contributions allocated to health care increased to 2 percent. Employer contribution rates are actuarially determined.

The County's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2013, 2012, and 2011 were \$1,397,020, \$1,341,590, and \$1,294,995, respectively. The full amount has been contributed for 2013, 2012, and 2011. Contributions to the Member-Directed Plan for 2013 were \$31,253 made by the County and \$22,323 made by plan members.

B. State Teachers Retirement System

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

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

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

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

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

The County's required contributions for pension obligations to the DB plan for the years ended December 31, 2013, 2012, and 2011, were \$22,779, \$20,386, and \$17,296, respectively. The full amount has been contributed for 2013, 2012, and 2011. There were no contributions made to either the DC or combined plans in 2013.

Note 11 – 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, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Jackson County, Ohio
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For the Year Ended December 31, 2013

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

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 18.10 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code.

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

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

The County's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2013, 2012, and 2011 were \$116,671, \$399,453, and \$384,632, respectively. The full amount has been contributed for 2013, 2012, and 2011.

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

B. State Teachers Retirement System

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14 percent employer contribution rate, 1 percent of covered payroll was allocated postemployment health care. The County's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2013, 2012, and 2011, were \$1,752, \$1,568, and \$1,330, respectively. The full amount has been contributed for 2013, 2012, and 2011.

Jackson County, Ohio
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For the Year Ended December 31, 2013

Note 12 – Capital Leases – Lessee Disclosure

During 2013, the County entered into capitalized leases in order to provide equipment and services in order to update the efficiency of County facilities. These leases met the criteria of a capital lease as defined by the Statement of Financial Accounting Standards, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments for the two pick-up trucks are reflected as debt service expenditures on the statement of modified cash receipts, disbursement, and changes in fund balances for governmental funds. Additionally, capital lease payments for the Ford Explorer and van are not reflected as debt service expenditures on the statement of modified cash receipts, disbursements, and changes in fund balances for governmental funds due to the payments being paid from Sheriff Agency funds.

On June 12, 2013, the County entered into two Lease/ Purchase Agreements with Statewide Emergency Products, LLC. The first agreement was in the amount of \$58,868 to be repaid over three years with an interest rate of 7.5 percent. This agreement was entered into to provide a police cruiser and a police van to the Sheriff's Office. The County made principal payments during 2013 of \$21,057. The annual lease requirements to maturity are as follows:

<u>Agreement 1</u>		
Year Ended		
December 31	Principal	Interest
2014	\$18,222	\$2,836
2015	19,589	1,469
Total	\$37,811	\$4,305

The second agreement was in the amount of \$64,836 to be repaid over three years with an interest rate of 7.5 percent. This agreement was entered into to provide two police trucks to the Sheriff's Office. The County made principal payments during 2013 of \$23,192. The annual lease requirements to maturity are as follows:

<u>Agreement 2</u>		
Year Ended		
December 31	Principal	Interest
2014	\$20,069	\$3,123
2015	21,575	1,618
Total	\$41,644	\$4,741

Note 13 - Long Term Obligations

A schedule of changes in long-term obligations of the County during 2013 follows:

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

	Principal Outstanding 12/31/12	Additions	Deductions	Principal Outstanding 12/31/13	Amounts Due in One Year
Governmental Activities:					
2009 Various Purpose General Obligation Bonds:					
Serial Bonds - 2.00% - 3.50%	\$955,000	\$0	\$175,000	\$780,000	\$160,000
Term Bonds - 4.00%	320,000	0	0	320,000	0
Term Bonds - 4.50%	365,000	0	0	365,000	0
Total General Obligation Bonds	1,640,000	0	175,000	1,465,000	160,000
Capital Lease/Purchase Agreements					
Sheriff Vehicles	0	123,704	44,249	79,455	38,291
2010 Municipal Court Computer Note - 3.80%					
	18,510	0	7,196	11,314	7,472
Engineer Department Note	306,000		40,108	265,892	41,254
	<u>\$1,964,510</u>	<u>\$123,704</u>	<u>\$266,553</u>	<u>\$1,821,661</u>	<u>\$247,017</u>

On August 26, 2009, the County issued unvoted Various Purpose General Obligation Bonds in the amount of \$2,535,000. The general obligation bonds issued included serial and term bonds in the amount of \$1,850,000 and \$685,000, respectively.

On August 14, 2012, the County obtained a Loan from Wesbanco Bank for the purchase of two trucks for the Engineer's department.

The Justice Center, Courthouse Portico, and the Courthouse Renovations portions will be retired from the General Bond Retirement Fund with property tax revenue from the General Fund. The Job and Family Services portion will be retired from the Job and Family Services Center Bond Retirement Fund with rental payments received from the Job and Family Services Special Revenue Fund and property tax revenues from the General Fund. The Fair Board portion will be retired from the Fair Board Bond Retirement Fund from charges for services revenue from the Jackson County Fair Board. The Highway Garage, Track Hoe, Photo Mapping, and Engineer Building portion will be retired from the Motor Vehicle Gasoline Tax Bond Retirement Fund with license and gas tax revenue from the Motor Vehicle Gasoline Tax Special Revenue Fund. The Municipal Court portion will be retired from the Municipal Court Bond Retirement Fund with charges for services receipts from the Municipal Court Capital Improvements Fund. The Courts Computer portion will be retired from the Courts Computer Bond Retirement Fund with fines, licenses, and permits revenues from the Computer/Equipment Capital Improvements Fund.

Principal and interest requirements to retire the Various Purpose General Obligations Bonds outstanding at December 31, 2013, are as follows:

December 31,	Serial		Term	
	Principal	Interest	Principal	Interest
2014	\$160,000	\$52,625	\$0	\$0
2015	150,000	48,625	0	0
2016	155,000	44,500	0	0
2017	160,000	39,850	0	0
2018	155,000	34,650	0	0
2019-2023	0	0	320,000	119,725
2024-2028	0	0	365,000	50,850
	<u>\$780,000</u>	<u>\$220,250</u>	<u>\$685,000</u>	<u>\$170,575</u>

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

The term bonds, issued at \$320,000, maturing December 1, 2023, 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:

<u>December 1,</u>	<u>Amount</u>
2019	\$75,000
2020	60,000
2021	60,000
2022	60,000
2023	<u>65,000</u>
Total	<u><u>\$320,000</u></u>

The term bonds, issued at \$365,000, maturing December 1, 2028 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:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Amount</u>
2024	\$65,000
2025	70,000
2026	75,000
2027	75,000
2028	<u>80,000</u>
Total	<u><u>\$365,000</u></u>

The 2010 Municipal Court Computer Note, originally issued for \$35,350, represents amounts borrowed to finance the ongoing computerization of the Municipal Court Complex. The note will be retired from fine, license, and permit revenue in the Municipal Court Special Projects Capital Improvements Fund. Principal and interest requirements to retire the Municipal Court Computer Note outstanding at December 31, 2013, are as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$7,472	\$359	\$7,831
2015	<u>3,842</u>	<u>72</u>	<u>3,914</u>
	<u><u>\$11,314</u></u>	<u><u>\$431</u></u>	<u><u>\$11,745</u></u>

Principal and interest requirements to retire the Engineer Department Note outstanding at December 31, 2013, are as follows:

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

Year Ended December 31,	Principal	Interest	Total
2014	\$41,254	\$7,261	\$48,515
2015	42,434	6,081	48,515
2016	43,634	4,880	48,514
2017	44,895	3,620	48,515
2018	46,178	2,336	48,514
2019	47,497	1,017	48,514
	<u>\$265,892</u>	<u>\$25,195</u>	<u>\$291,087</u>

Debt Margin

The Ohio Revised Code provides that the net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed one percent of the total valuation of the County. The Code further provides that the total shall never exceed a sum equal to three percent of the first \$100,000,000 of the assessed valuation, plus one and one-half percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus two and one-half percent of such valuation in excess of \$300,000,000. The County's total debt margin was \$8,621,490 and the unvoted debt margin was \$2,955,600 at December 31, 2013.

Capital Leases

The capital leases will be paid from fund the General Fund, the Sheriff – Solid Waste Fund, and the Sheriff Agency Fund.

Conduit Debt

To assist private sector in acquiring and constructing facilities deemed to be in the public interest, the County on occasion has issued industrial revenue bonds. Mortgages on the facilities secure the bonds. The bonds are payable solely from payments received on the underlying mortgage loans. Upon repayment of the loans, ownership of the facilities will transfer to the private sector entities. The County, the State, or any other political subdivision is not obligated in any manner for paying the bonds, which are not reflected in the debt schedule above. At December 31, 2013, aggregate principal outstanding on the bonds was \$4,113,970.

Note 14 - Interfund Activity and Balances

A. Transfers

During 2013, the following transfers were made:

<u>Transfer to</u>	<u>Transfer from</u>			<u>Total</u>
	<u>Major Funds</u>			
	General Fund	Motor Vehicle and Gasoline Tax	Other Nonmajor Governmental	
General	\$0	\$0	\$69,000	\$69,000
Other Nonmajor Governmental	259,068	72,860	158,250	490,178
	<u>\$259,068</u>	<u>\$72,860</u>	<u>\$227,250</u>	<u>\$559,178</u>

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

The above mentioned Transfers From/To were used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; debt service payments; and to use unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

B. Interfund Activity Bonds

During 2013, the County issued Equipment Bonds to the Engineer's Office for an eight year period at a rate of 3%. The County has purchased this note as an investment. The Engineer's Fund was identified as the fund that received the proceeds and the General Fund was identified as the fund that purchased the investment. For reporting purposes, these transactions are reflected as an interfund receivable and an interfund payable in the respective funds. The following interfund transactions will be paid over the next eight years and is pledged to be repaid from the Engineer Fund:

	<u>Interfund Receivable</u>
	<u>Major Fund</u>
<u>Interfund Payable</u>	<u>General Fund</u>
Major Fund:	
Engineer	\$333,742

Principal and interest requirements to maturity on the above bonds is as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>December 31,</u>			
2014	\$41,833	\$5,020	\$46,853
2015	38,096	8,757	46,853
2016	39,239	7,614	46,853
2017	40,416	6,437	46,853
2018	41,628	5,225	46,853
2019-2021	132,530	8,030	140,560
Total	<u>\$333,742</u>	<u>\$41,083</u>	<u>\$374,825</u>

Note 15 - Jointly Governed Organizations

A. Gallia, Jackson, Meigs, Vinton Solid Waste Management District

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

The District is governed and operated through three groups. A twelve member Board of Directors, composed of the three commissioners from each county, is responsible for the District's financial matters. Financial records are maintained by the District. The District's sole revenue source is a waste disposal fee for in-district and out-of-district waste. A twenty-five member Policy Committee, composed of six members from each county and one at-large member appointed by the Policy Committee, is responsible for preparing the solid waste management plan of the District in conjunction with a Technical Advisory Council whose members are appointed by the Policy Committee.

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

Each participating County's influence is limited to the numbers of members each appoints to the Board. Continued existence of the District is not dependent upon the County's continued participation, no equity interest exists, and no debt is outstanding. The County made no contributions to the District in 2013.

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

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

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

C. Jackson-Vinton Community Action Agency

The Jackson-Vinton Community Action Agency (the Agency) is a non-profit corporation organized to plan, conduct, and coordinate programs designed to combat social and economic problems and to help eliminate conditions of poverty within Jackson and Vinton Counties. The Agency is governed by a Board composed of public officials from Jackson and Vinton Counties, representatives of the poor in the area served, and officials or members of the private sector of the community. The Agency controls its own operations and budget. During 2013, the County made no in payments to the Agency.

D. Ohio Valley Regional Development Commission

The Ohio Valley Regional Development Commission (the Commission) is a jointly governed organization that serves a twelve county economic development planning district in southern Ohio. The Commission was formed to influence favorably the future economic, physical and social development of Adams, Brown, Clermont, Fayette, Gallia, Highland, Jackson, Lawrence, Pike, Ross, Scioto, and Vinton Counties. Membership is composed of elected and appointed county, municipal, and township officials or their officially appointed designees, as well as members of the private sector, community action agencies and regional planning commissions. The Commission is not dependent upon Jackson County for its continued existence. In 2013, the County contributed \$5,642 to the Commission.

E. Gallia-Jackson Child Abuse and Neglect Advisory Board

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

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

The Board is not accumulating significant financial resources nor is it experiencing fiscal distress that may cause an additional financial benefit to or burden on the County. The Board currently does not prepare year end financial statements due to the limited amount of financial activity.

F. Southern Ohio Council of Governments

The County is a member of the Southern Ohio Council of Governments (the "Council"), which is a jointly governed organization created under Ohio Revised Code Section 167.01. The governing body consists of a thirteen member board with each participating County represented by its Director of its Board of Developmental Disabilities (BDD). Member counties include: Adams, Athens, Brown, Fayette, Gallia, Highland, Jackson, Lawrence, Pickaway, Pike, Ross, Scioto, and Vinton Counties. The Council acts as fiscal agent for the Jackson County BDD's supportive living program monies. During 2013, the Council received \$27,990 from Jackson County.

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

The Ohio Valley Resource Conservation and Development Area, Inc. is a jointly governed organization that is operated as a non-profit corporation. The Ohio Valley Resource Conservations and Development Area, Inc. was created to aid regional planning to participating counties. Jackson County, along with Ross, Vinton, Highland, Gallia, Brown, Adams, Pike, Scioto, and Lawrence Counties each appoint three members to the thirty member Council. The Council selects an administrator to oversee operations. In 2013, the County made a \$500 contribution to the OVRCD.

Note 16 - Joint Venture

South Central Ohio Regional Juvenile Detention Center

The County is a participant with Highland, Pike, Ross, Vinton, and Fayette counties in the South Central Ohio Regional Juvenile Detention Center (the Center) which is a facility that provides temporary housing for juvenile offenders awaiting disposition by the respective juvenile courts of the member counties. The juvenile judge from each participating county appoints one trustee to serve on the Board, except Ross County which appoints two trustees since it is the home county. The Commissioners of each county have final approval of their respective trustee. Each county is obligated to provide financial support to the Center through per diem charges and assessments which are based on the total assessed valuation of each county in proportion to the total assessed valuation of all participating counties. The County has an ongoing financial responsibility for this entity and, during 2013, contributed \$104,781 toward the operation of this facility. During 2001, the Board of Trustees for the Center determined that it was necessary to improve the Center by constructing a new facility and making related improvements to the existing facility. This work, completed in 2004, had a total cost of \$5,834,000. The County's equity interest in that Center was determined to be \$482,000. The Center is not accumulating significant financial resources or experiencing fiscal distress which would cause an additional financial benefit to or burden on the County. The Ross County Auditor is the fiscal agent for the Center. Complete financial statements of the joint venture can be obtained from the Ross County Auditor, Ross County Courthouse, 2 North Paint Street, Suite G, Chillicothe, Ohio 45601.

Note 17 - Insurance Purchasing Pools

A. County Risk Sharing Authority (CORSA)

The County Risk Sharing Authority, Inc. (CORSA) is a public entity shared risk pool among fifty-five counties in Ohio. CORSA was formed as an Ohio non-profit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program.

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

Member counties agree to jointly participate in coverage losses and pay all contributions necessary for the specified insurance coverages provided by CORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance, and public officials' errors and omissions liability insurance.

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

The County does not have an equity interest in or a financial responsibility for CORSA. Any additional premium or contribution amounts and estimates of losses are not reasonably determinable. The County's payment for insurance to CORSA in 2013 was \$109,885.

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

The County is participating in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The County Commissioners Association Service Corporation (CCAOSC) was established through the County Commissioners Association of Ohio (CCAO) as a group purchasing pool. A group executive committee is responsible for calculating annual rate contributions and rebates, approving the selection of a third party administrator, reviewing and approving proposed third party fees, fees for risk management services and general management fees, determining ongoing eligibility of each participant, and performing any other acts and functions which may be delegated to it by the participating employers. The group executive committee consists of seven members. Two members are the president and treasurer of CCAOSC; the remaining five members are representatives of the participants. These five members are elected for the ensuing year by the participants at the meeting held in the month of December each year. No participant can have more than one member of the group executive committee in any year and each elected member shall be a County Commissioner.

Note 18 - Revolving Loan Program

The County participates in a Community Development Block Grant Revolving Loan Program. The goal of the Revolving Loan Fund (RLF) is to enable eligible communities to overcome specific gaps in local capital markets that inhibit business and industry from obtaining suitable credit, and thereby impede local economic growth and stability. The primary goal of each RLF project will be private sector job creation or retention of which at least 51% of such jobs must be taken by or made available to persons from low and moderate income households. The program is administered by the Jackson County Economic Development Commission. At December 31, 2013, total outstanding balances were \$581,449, principal loan revenue was \$75,528 and the County paid \$19,247 in administrative costs.

Note 19 - Contingent Liabilities

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

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

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

Note 20 - Food Stamps

The County's Department of Job and Family Services distributes, through contracting issuance centers, federal food stamps to entitled recipients with Jackson 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 21 - Component Unit Disclosures

Jackson County Airport Authority

The following are the Jackson County Airport Authority (the Authority) notes to the financial statements for the year ended December 31, 2013:

Summary of Significant Accounting Policies

Basis of Presentation: The Summary of Significant Accounting Policies is presented to assist in understanding the Authority's financial statements. The financial statements and notes are representations of the Authority's management, who are responsible for their integrity and objectivity. These accounting policies conform to the basis of accounting prescribed or permitted by the Auditor of State. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

Liability for Income Taxes: The Authority is exempt from income tax under Section 501(c)(3) of Internal Revenue Code.

Cash and Cash Equivalents: The Authority considers deposits with maturities of twelve months or less to be cash equivalents. At December 31, 2013, the Authority had no additional deposit accounts.

Property, Plant and Equipment: Fixed assets acquired or constructed for the Authority are recorded as disbursements. Depreciation is not recorded for these fixed assets.

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JACKSON 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>UNITED STATES DEPARTMENT OF AGRICULTURE</u>			
<i>Passed Through Ohio Department of Job and Family Services</i>			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (Administrative Costs)	G-1213-11-0060/G-1415-11-5376	10.561	\$ 275,818
Total United States Department of Agriculture			275,818
<u>UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
<i>Passed Through Ohio Department of Development:</i>			
Community Development Block Grant - State's Program	B-F-11-1BK-1	14.228	397,355
	B-F-12-1BK-1	14.228	110,548
	B-C-12-1BK-1	14.228	87,899
Revolving Loan	N/A	14.228	19,247
Total Community Development Block Grant - State's Program			615,049
HOME Investment Partnerships Program	B-C-12-1BK-2	14.239	55,744
	B-C-10-1BK-2	14.239	9,479
Total HOME Investment Partnerships Program			65,223
Total United States Department of Housing and Urban Development			680,272
<u>UNITED STATES DEPARTMENT OF JUSTICE BUREAU OF JUSTICE ASSISTANCE</u>			
<i>Direct from the Federal Government</i>			
Drug Court Discretionary Grant Program	2010-DC-BX-0034	16.585	107,948
Total United States Department of Justice Bureau of Justice Assistance			107,948
<u>UNITED STATES DEPARTMENT OF LABOR</u>			
<i>Passed Through Workforce Investment Act, Area 7:</i>			
Workforce Investment Act (WIA) Cluster:			
Workforce Investment Act - Adult	N/A	17.258	78,752
Workforce Investment Act - Youth Activities	N/A	17.259	78,081
Workforce Investment Act - Dislocated Workers	N/A	17.278	83,009
Total WIA Cluster			239,842
Workforce Investment Act National Emergency Grants	N/A	17.277	3,820,587
Total United States Department of Labor			4,060,429
<u>UNITED STATES DEPARTMENT OF TRANSPORTATION</u>			
<i>Direct from the Federal Government</i>			
Airport Improvement Program	AIP-3-39-0041-0911	20.106	48,721
Total Airport Improvement Program			48,721
<i>Passed Through Ohio Department of Transportation:</i>			
Highway Planning and Construction	85602	20.205	299,316
	92287		17,894
Total Highway Planning and Construction			317,210
<i>Passed Through Ohio Emergency Management Agency:</i>			
Interagency Hazardous Materials Public Sector Training and Planning Grants	HM-HMP-0302-12-01-00	20.703	3,200
Total United States Department of Transportation			369,131

JACKSON 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
UNITED STATES DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education:</i>			
Special Education Cluster:			
Special Education - Grants to States (IDEA, Part B)	N/A	84.027	\$ 20,932
Special Education - Preschool Grants (IDEA Preschool)	N/A	84.173	4,548
Total Special Education Cluster			<u>25,480</u>
Total United States Department of Education			25,480
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed through National Association of County and City Health Officials</i>			
Medical Reserve Corps Small Grant Program	5MRCSG101005-02	93.008	2,485
<i>Passed through Ohio Secretary of State</i>			
Voting Access for Individual with Disabilities - Grants to States	N/A	93.617	2,397
<i>Passed Through Ohio Department of Job and Family Services</i>			
Temporary Assistance for Needy Families (TANF) State Programs	G-1213-11-0060/G-1415-11-5376	93.558	1,368,240
Child Support Enforcement - Fiscal Year 2013	G-1213-11-0060	93.563	332,150
Child Support Enforcement - Fiscal Year 2014	G-1415-11-5376	93.563	111,819
Total Child Support Enforcement			<u>443,969</u>
Child Care and Development Block Grant	G-1213-11-0060/G-1415-11-5376	93.575	39,578
Foster Care	G-1213-11-0060/G-1415-11-5376	93.658	299,393
Adoption Assistance	G-1213-11-0060/G-1415-11-5376	93.659	27,601
Children's Health Insurance Program	G-1213-11-0060/G-1415-11-5376	93.767	5,841
Social Services Block Grant:			
<i>Passed through Ohio Department of Developmental Disabilities</i>			
Social Services Block Grant	NA	93.667	23,635
<i>Passed Through Ohio Department of Job and Family Services</i>			
Social Services Block Grant	G-1213-11-0060/G-1415-11-5376	93.667	767,480
Total Social Services Block Grant			<u>791,115</u>
Medical Assistance Program:			
<i>Passed Through Ohio Department of Job and Family Services</i>			
Medical Assistance Program	G-1213-11-0060/G-1415-11-5376	93.778	328,619
Total Medical Assistance Program			<u>328,619</u>
Total United States Department of Health and Human Services			3,309,238
<i>Passed Through Ohio Emergency Management Agency:</i>			
Emergency Management Performance Grant	EMW-2012-EP-00004-S01 EMW-2013-EP-00060-S01	97.042 97.042	16,489 8,547
Total Emergency Management Performance Grant			<u>25,036</u>
Homeland Security Grant	2010-SS-T0-0012 EMW-2011-SS-0070 EMW-2012-SS-0001	97.067 97.067 97.067	40,654 134,965 59,395
Total Homeland Security Grant			<u>235,014</u>
Total United States Department of Homeland Security			<u>260,050</u>
Total Federal Awards Expenditures			<u>\$ 9,088,366</u>

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

JACKSON COUNTY

**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 Jackson County's (the County's) federal award programs' disbursements. The Schedule has been prepared on the cash basis of accounting.

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

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

These loans are collateralized by mortgages on the property.

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

Beginning loans receivable balance as of January 1, 2013	\$656,977
Loans made	0
Loan principal repaid	75,528
Ending loans receivable balance as of December 31, 2013	\$581,449
Cash balance on hand in the revolving loan fund as of December 31, 2013	\$332,601
Administrative costs expended during 2013	19,247
Total Value of the revolving loan fund portion of the CDBG 14.228 program:	\$933,297
Cash balance on hand in the microenterprise revolving loan fund:	\$ 37,500
Expenditures in the microenterprise revolving loan fund:	0.00
Other Grants administered through the CDBG 14.228 program:	\$ 595,802
Total CDBG 14.228 program:	\$ 1,566,599
Loans made, interest subsidies and administrative costs expended during 2013:	\$ 19,247
Other grants administered through the CDBG 14.228:	595,802
Total CDBG 14.228 program Federal Schedule Expenditures:	\$ 615,049

During 2008, Ohio Department of Development Office of Housing and Community Partnerships approved a waiver request to use \$100,000 of revolving loan fund program income to establish a microenterprise revolving loan fund.

The table above reports gross loans receivable. Of the loans receivable as of December 31, 2013, the County estimates none to be uncollectible. There were no delinquent amounts outstanding

NOTE C - MATCHING REQUIREMENTS

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

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Dave Yost • Auditor of State

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

Jackson County
226 East Main Street
Jackson, Ohio 45640

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, each major fund, and the aggregate discretely presented component unit and remaining fund information for Jackson County, Ohio (the County), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 9, 2014, wherein we noted the County uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the County's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2013-003 described in the accompanying Schedule of Findings to be a material weakness.

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.

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However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2013-001 and 2013-002.

Entity's Response to Findings

The County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the County's responses and, accordingly, we express no opinion on them.

Purpose of this Report

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

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

Dave Yost
Auditor of State
Columbus, Ohio

September 9, 2014



Dave Yost • Auditor of State

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

Jackson County
226 East Main Street
Jackson, Ohio 45640

To the Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Jackson 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 Jackson 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 Community Development Block Grant

As described in finding 2013-004 in the accompanying Schedule of Findings, the County did not comply with requirements regarding cash management applicable to its Community Development Block Grant major federal program. Compliance with this requirement is necessary, in our opinion, for the County to comply with requirements applicable to this program.

Qualified Opinion on Community Development Block Grant

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Community Development Block Grant* paragraph, Jackson County complied, in all material respects, with the requirements referred to above that could directly and materially affect its Community Development Block Grant for the year ended December 31, 2013.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, Jackson 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 2013-004 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.

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

Dave Yost
Auditor of State
Columbus, Ohio

September 15, 2016

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

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	Yes
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion <ul style="list-style-type: none"> • Qualified on Community Development Block Grant – State's Program CFDA #14.228 • Unmodified on all other programs 	
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list): <ul style="list-style-type: none"> • Community Development Block Grant – State's Program – CFDA #14.228 • Workforce Investment Act (WIA) National Emergency Grants – CFDA #17.277 • Highway Planning and Construction – CFDA #20.205 • Child Support Enforcement – CFDA #93.563 • Social Services Block Grant – CFDA #93.667 	
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

JACKSON COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2013
(Continued)

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

FINDING NUMBER 2013-001

Noncompliance

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

Ohio Admin. Code § 117-2-03(B) requires the County to file its annual financial report pursuant to generally accepted accounting principles. However, the County prepared its financial statements in accordance with standards established by the Auditor of State for governmental entities not required to prepare annual reports in accordance with generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Rev. Code § 117.38, the County may be fined and subject to various other administrative remedies for its failure to file the required financial report.

We recommend the County take the necessary steps to ensure that the annual financial report is prepared and filed on a generally accepted accounting principles basis.

Officials' Response: With the latest state cuts to local governments, Jackson County cannot afford to convert to GAAP.

FINDING NUMBER 2013-002

Noncompliance

Ohio Rev. Code § 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Every such contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in Sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" Certificate – If the fiscal officer (County Auditor) can certify that both at the time that the contract or order was made ("then"), and at the time that the County Auditor is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the County can authorize the drawing of a warrant for the payment of the amount due. The County has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

JACKSON COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2013
(Continued)

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

FINDING NUMBER 2013-002 (Continued)

Noncompliance - Ohio Rev. Code § 5705.41(D)(1) (Continued)

Amounts of less than \$100 for counties may be paid by the County Auditor without a resolution upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the County.

2. Blanket Certificate – Fiscal officers may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificate – The County may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the County Auditor for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Sixty-six percent of the transactions tested were not certified by the County Auditor at the time the commitment was incurred and there was no evidence that the County followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the County's funds exceeding budgetary spending limitations, we recommend that the County Auditor certify that the funds are or will be available prior to obligation by the County. When prior certification is not possible, “then and now” certification should be used.

We recommend the County Auditor certify purchases to which § 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language Section 5705.41(D) requires to authorize disbursements. The County Auditor should sign the certification at the time the County incurs a commitment, and only when the requirements of § 5705.41(D) are satisfied. The County Auditor should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

Officials' Response: The current staff in the office cannot handle the additional work load this correction will create. We would need to hire a purchase order clerk.

JACKSON COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2013
(Continued)

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

FINDING NUMBER 2013-003

Material Weakness

The County's reconciliation process is two-fold. First, the County Treasurer must reconcile to the bank. Secondly, the County Auditor must reconcile to the County Treasurer's balance. However, the County Treasurer did not prepare timely reconciliations, resulting in the County Auditor reconciling to a Treasurer's Fund Report that was not correct.

The County Treasurer's reconciliation as of December 31, 2013 was not completed until May 2014. This resulted in several adjustments being required to the Auditor's balance at December 31, 2013. The adjustments were recorded by the County's third party conversion team when preparing the County's basic financial statements.

For the County Auditor's and Treasurer's balances, these adjustments included recording deposits in the bank totaling \$104,858, recording bank service charges of \$38,524, and recording bank corrections of \$955.

Many reconciling items have been maintained continuously on reconciliations for many years. Receipts incorrectly recorded on the ledgers in the amount of \$10,876 have been a reconciling item since 2009. The outstanding checklist for the County in the amount of \$1,734.35 had checks that date back as early as October 2003, with the most recent being November 2006. The unrecorded direct deposit list included deposits from as early as January 2009. Of these deposits, \$88,387 were from 2012 or before. \$437 of unknown credits have been on the reconciliation since 2008. Unrecorded bank service charges that have been unrecorded for more than a year were \$25,549, of which the earliest charges date back to 2010. An unknown bank correction of \$956 has been on the reconciliation since January 2008. Additionally, the payroll account included a long outstanding reconciling item in the amount of \$2,132 in payroll deposits that were not recorded. The payroll account is a clearing account and should reconcile to \$0.

Lack of timely reconciliations resulted in many reconciling items going uncorrected for extended periods of time. Further, of the reconciling items noted above, some have been carried forward as reconciling items since 2003.

We recommend the County Treasurer prepare timely reconciliations and reconciling items should be timely corrected enabling the County Auditor to perform timely reconciliations to a corrected Treasurer's Fund Report.

Officials' Response: We did not receive a response from Officials to this finding.

JACKSON COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2013
(Continued)

3. FINDINGS FOR FEDERAL AWARDS

Finding Number	2013-004
CFDA Title and Number	Community Development Block Grant – CFDA #14.228
Federal Award Number / Year	B-F-11-1BK-1, B-F-12-1BK-1, and B-C-12-1BK-1
Federal Agency	United States Department of Housing and Urban Development
Pass-Through Agency	Ohio Department of Development

Noncompliance/Material Weakness – Cash Management

24 C.F.R. § 85.21(c) and § (A)(3)(f) of the Ohio Department of Development, Office of Housing and Community Partnership’s Financial Management Rules and Regulations Handbook (the Handbook), require grantees to develop a cash management system to ensure compliance with the Fifteen Day Rule relating to prompt disbursement of funds. This rule states that fund drawdowns should be limited to amounts that will enable the grantee to disburse funds on hand to a balance of less than \$5,000 within fifteen days of receipt. Lump sum drawdowns are not permitted.

The Handbook, Section (A)(3)(l), states that the grantee should deposit federal funds received from OHCP in a non-interest bearing account. If the grantee deposits funds in an interest bearing account, the grantee must remit to OHCP, on at least a quarterly basis, any interest earned that totals more than \$100 per year. The check must be payable to the U.S. Department of Housing and Urban Development. In addition, the grantee must, on a monthly basis, credit any interest earned to the appropriate grant. The only exception is an escrow account for rehabilitation of private property.

The following funds were drawn down but were not disbursed to a balance of less than \$5,000 within fifteen days of receipt:

From Grant B-F-11-1BK-1 Community Development Block Grant:

- Draw of \$24,966 was received by the County on December 24, 2012, however, the money was not expended within fifteen days of receipt as required, and the balance exceeded \$5,000 until January 23, 2013 or 30 days.
- Draw of \$32,798 was received by the County on December 24, 2012, however, the money was not expended within fifteen days of receipt as required, and the balances exceeded \$5,000 until January 29, 2013 or 36 days.
- Draw of \$82,948 was received by the County on April 9, 2013, however, the money was not expended within fifteen days of receipt as required, and the balance exceeded \$5,000 until May 8, 2013 or 29 days.
- Draw of \$9,900 was received by the County on April 9, 2013, however, the money was not expended within fifteen days of receipt as required, and the balance exceeded \$5,000 until May 8, 2013 or 29 days.

JACKSON COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2013
(Continued)

3. FINDINGS FOR FEDERAL AWARDS (Continued)

FINDING NUMBER 2013-004 (Continued)

Noncompliance/Material Weakness – Cash Management – 24 C.F.R. § 85.21(c) (Continued)

- Draw of \$11,200 was received by the County on May 8, 2013, however, the money was not expended within fifteen days of receipt as required, and the balance exceeded \$5,000 until August 6, 2013 or 90 days.
- Draw of \$20,545 was received by the County on May 15, 2013, however, the money was not expended within fifteen days of receipt as required, and the balance exceeded \$5,000 until November 6, 2013 or 175 days.
- Draw of \$23,752 was received by the County on June 11, 2013, however, the money was not expended within fifteen days of receipt as required, and the balance exceeded \$5,000 through December 31, 2013. \$17,078 was disbursed by October 22, 2013 or 133 days and \$6,674 remained on hand at December 31, 2013

From Grant B-F-12-1BK-1 Community Development Block Grant:

- Draw of \$9,200 was received by the County on March 11, 2013, however, the money was not expended within fifteen days of receipt as required, and the balance exceeded \$5,000 until May 15, 2013 or 65 days.
- Draw of \$21,700 was received by the County on November 4, 2013, however, the money was not expended within fifteen days of receipt as required, and the balance exceeded \$5,000 until December 11, 2013 or 37 days.
- Draw of \$46,500 was received by the County on November 4, 2013, however, the money was not expended within fifteen days of receipt as required, and the balance exceeded \$5,000 until December 11, 2013 or 37 days.
- Draw of \$16,048 was received by the County on November 4, 2013, however, the money was not expended within fifteen days of receipt as required, and the balance exceeded \$5,000 until December 12, 2013 or 38 days.
- Draw of \$27,000 was received by the County on November 25, 2013, however, the money was not expended within fifteen days of receipt as required, and the balance exceeded \$5,000 through December 31, 2013. No disbursements were made during 2013 and the entire \$27,000 remained on hand at December 31, 2013.

From Grant B-C-12-1BK-1 Community Development Block Grant:

- Draw of \$25,200 was received by the County on March 4, 2013, however, the money was not expended within fifteen days of receipt as required, and the balance exceeded \$5,000 until April 3, 2013 or 30 days.
- Draw of \$42,000 was received by the County on June 10, 2013, however, the money was not expended within fifteen days of receipt as required, and the balance exceeded \$5,000 until October 8, 2013 or 120 days.

JACKSON COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2013
(Continued)

3. FINDINGS FOR FEDERAL AWARDS (Continued)

FINDING NUMBER 2013-004 (Continued)

Noncompliance/Material Weakness – Cash Management – 24 C.F.R. § 85.21(c) (Continued)

- Draw of \$7,200 was received by the County on December 4, 2013, however, the money was not expended within fifteen days of receipt as required, and the balance exceeded \$5,000 through December 31, 2013. No disbursements were made during 2013 and the entire \$7,200 remained on hand at December 31, 2013.

Based on our testing, utilizing the 1% average 2013 U.S. Treasury Current Value of Funds Rate, we estimate the imputed interest could have been \$296 for the year ended December 31, 2013.

We recommend the County monitor the cash balances in these funds to determine when and how much cash to request. This will help to ensure the monies drawn down are expended within the required time frame.

Official's Response: We will notify CDC of Ohio who administers the grants in question to see if they can help correct this issue.

JACKSON COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
 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; <i>Explain</i>
2012-001	A citation was issued under Ohio Rev. Code § 117.38 and Ohio Admin. Code § 117-2-03(B) for not preparing and filing the annual report in accordance with Generally Accepted Accounting Principles.	No	Not Corrected. Reissued in the current audit as Finding Number 2013-001.
2012-002	A citation was issued under Ohio Rev. Code § 5705.41(D) for not properly encumbering.	No	Not Corrected. Reissued in the current audit period as Finding Number 2013-002
2012-003	A citation was issued under Ohio Dept. of Development, Office of Housing and Community Partnership Financial Management Rules and Regulations Handbook, Section (A)(3)(f) for not complying with the 15 day rule.	No	Not Corrected. Reissued in the current audit as Finding Number 2013-004.

JACKSON COUNTY

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

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2013-004	The County will work with CDC of Ohio to ensure compliance with the 15-day rule.	January 1, 2015	Jackson County Commissioners

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Dave Yost • Auditor of State

JACKSON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
OCTOBER 4, 2016